

DAVICOM Semiconductor, Inc.

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Overseas Securities Exchange

None

Corporate Website

<http://www.davicom.com.tw>

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I. Letter to Shareholders

Annual Report for the year 2022

Dear Shareholders,

I would like to thank you for your continuing support throughout the year. DAVICOM has responded to the changing business climate by adopting an aggressive stance in strengthening our competitiveness. As of the end of December – 2022, our company generated pre-tax net income of NT \$86.63 million on consolidated revenue of NT \$307.09 million. Our company has been consecutively posting profits for 68 quarters.

The Company has four major product lines: ethernet chip, electronic paper driver chip, video decoder chip and AI chip. In 2022, the global COVID-19 pandemic continued to linger on the world, with China's decision to lift its "zero-COVID" policy towards the end of the year. Most major cities were severely affected by lockdowns, which had a significant impact on economic activities. Internationally, the escalating trade and technology wars between the US and China, as well as the ongoing conflict between Ukraine and Russia, have intensified various adverse factors, exacerbating the global supply chain crisis and worsening the inflationary situation. In the domestic semiconductor industry, the overall production capacity of wafer foundries seemed to have relieved in the second half of the year compared to the previous year. However, the production capacity of some mature processes still could not fully meet market demand, and prices remained high. It is expected that IC production costs will not fall in the short term. For the company, this situation was similar to the previous year. Although the capacity provided by the main wafer foundries to the company could not fully meet the demand, the company is actively collaborating closely with most of its customers to accurately grasp their monthly product demand estimates. By fully utilizing the limited wafer production capacity and maximizing production efficiency, the company strives to not only meet customers' actual needs, but also ensure its revenue and gross margin.

Looking ahead to 2023, as the demand for AIoT (Artificial Intelligence of Things) applications in the market continues to grow, our company's network chip products are expected to continue to be widely used in niche markets such as smart grids, smart homes, smart healthcare, smart finance, smart retail, security monitoring, smart manufacturing, and 5G communication-related applications. We anticipate that the demand for the aforementioned related markets will continue to bring business opportunities for the company this year. In response to global climate change, reducing carbon emissions has become an important energy policy for major industrialized countries. Various related industries have flourished in recent years, and

the necessary facilities require network systems that could bring the company's products into another new application field. Although the shadow of the Russo-Ukraine War has not yet dissipated and it remains to be seen whether it will deepen the impact on global economy and trade, the resulting European energy crisis has prompted some European countries to demand a significant improvement in energy efficiency. As a result, the demand for energy system control equipment and the required network chips has significantly increased, providing significant contributions to the company's network chip sales, and the growth trend is expected to continue.

For the overall situation of 2023, it is expected that the mature process capacity of global wafer foundries will become more relaxed, which will be favorable for the company to obtain more capacity to meet customer demands. However, uncertainties still exist in the global market regarding whether the Russo-Ukraine conflict can be resolved this year, whether the global supply chain can return to normal in the short term, and whether global inflation will peak soon and start to cool down, which will affect consumer momentum. In addition, the impact of the closure of several European and American banks due to the rise in interest rates, and whether it will create a domino effect and cause a financial crisis, also needs to be continuously monitored. Despite the many uncertainties in the overall market in the short term, individual customer operations of the company may be affected. However, the company's products are mainly applied in niche markets such as industrial control and electric power system, which are less susceptible to direct impacts. Therefore, the company has an optimistic outlook on its operational performance in 2023.

1. 2022 performance:

(1) Sales Performance: Revenue for 2022 is NT \$307.09 million, and the pre-tax net income is NT\$ 86.63 million.

(2) Research and development achievements:

- Industrial embedded Ethernet Giga-PHY transceiver chip
- Industrial embedded with high Electro Static Discharge Ethernet chip
- High resolution Video decoder chips
- E paper Driver IC chip series
- Microcontroller chip series for measuring health and physiological signals.
- Smartphone-compatible auditory assistive devices
- Artificial intelligence application solutions incorporating image recognition technology.
- RFID application solution

2.2023 operation plan

(1) Operation goal

In addition to continuing to deepen the embedded network application market, we are also actively expanding specific markets such as industrial automation, electric power, telecommunications, power storage, financial payment systems, and artificial intelligence applications to expand market share and enhance international reputation. We will pursue sustained revenue growth and significant profits by acquiring and developing sustainable products, expanding our product lines, integrating product application solutions with our cooperative manufacturers, accelerating talent recruitment, and expanding our product application fields and sales.

(2) Future Research and Development Plan

Our company adheres to the principle of steady operation and has been steadily moving forward for 27 years. We have always focused on our core business and avoided high-risk and low-yield investments. When planning for the development of new products, we adopt a rigorous evaluation process to carefully select feasible R&D projects.

- Ethernet switch chips for Internet of Things
- Internet TCP/IP protocol stack offload engine chip
- Multi-segment electronic paper driver chip
- Embedded wireless energy harvesting technology
- ESL system solution
- RFID application solution
- Embedded image sensor and recognition Artificial Intelligence chip

In light of the ongoing conflict between Russia and Ukraine, the expanding scope of the trade and technology war between the two superpowers of the United States and China, and the three-year rampage of the COVID-19 pandemic, the momentum of globalization has significantly weakened, and there has been a shift in the pattern of trade. These factors have led to geopolitical constraints on the semiconductor industry, and the overall environment has shown negative effects that cannot be overlooked. Furthermore, the threat of competition from China's domestic semiconductor production has significantly increased, and the market is full of opportunities and risks. In response, our company will maintain a flexible and agile approach to its operational strategy to seek the best market opportunities. The company will continue to uphold its pragmatic governance spirit from previous years. The management team and all employees will make their utmost efforts in 2023 to overcome various difficulties and enhance cost control and scientific management to

improve efficiency. We will develop high-performance, power-saving, industrial-grade, and diverse interface products utilizing the critical core technology of Ethernet to meet the needs of IoT and Industry 4.0 related application markets such as smart grid, home automation, medical, security monitoring, automotive, and industrial control. We will also strengthen the development of new product application markets. We are committed to customer-oriented approach, providing high-quality and competitive products to solidify customer relationships and aiming for mutual success. We deeply understand market trends and strive to gain a competitive edge. Through close collaboration with our supply chain partners and their full support, we aim to maximize returns on investment for our shareholders as a way to show our appreciation for their long-term support and care for the company. Last but not the least, we would like to thank you - our shareholders - for your continuous support and belief in our efforts.

We wish you all health and happiness.

Sincerest regards,

Chairman

Ting Hao

President

Nien-Tai Chen

Accounting Manager

Kuei-Feng Chiu

II. Company Profile

2.1 Date of Incorporation : August 16, 1996

The United Microelectronics Corporation (UMC), one of the largest semiconductor manufacturers in Taiwan, set up the Communication Product Division to develop Networking products.

Founded in 1996 by UMC Communication team and American networking experts, DAVICOM Semiconductor Inc. has become one of the leading IC design companies in Taiwan by meeting challenges head on and achieving steady growth. As of today, DAVICOM has developed over 20 digital and analog products, and applied for 15 IPs. DAVICOM became a listed company on August 6, 2007, on Taiwan Stock Exchange Corporation. (TWSE: 3094)

DAVICOM aims to develop the most professional Communication and Networking ICs techniques. With mixed-signal IC design, fast and precise integration, and technical supports for software application systems, we provide customers with the best solutions of SoC chipsets in Local Area Network (LAN), Wide Area Network (WAN), Personal Computing (PC) and Internet areas.

At DAVICOM, our philosophy has always centered on our belief in “Integrity and Humanity”. Thus, we make every effort to meet our customers' expectations and maintain their trust with quality consistency, efficient delivery and cost effectiveness. We will continue to provide best service and support to help customers gain competitive advantages in business and win more orders.

2.2 Company History

- (1). The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following: merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization: None.
- (2). The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following: directors or shareholders holding greater than a 10 percent stock in the company is transferred or otherwise changes hands: None.
- (3). The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following: any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity: None
- (4). Material information of the previous fiscal years and the current fiscal year up to the date of publication of the annual report:

Year	Milestones
Aug. 1996	Founded in Hsinchu Science Park with NT\$130,000,000 capital.
Feb. 1997	Additional Cash Capital NT\$60,000,000, Paid-up Capital increased to NT\$190,000,000.
Jun. 1997	Launched 2 in 1 Internet Chip (DM9101F), 10/100M Base-TX PHY+MLT3 single chip Transceiver.
Sep. 1997	Additional Cash Capital NT\$50,000,000, Paid-up Capital increased to NT\$240,000,000.
Oct. 1997	DAVICOM was authorized by ISO 9001. (Issued by Lloyd's Register Inspection Limited Taiwan Branch for and on behalf of Lloyd's Quality Assurance Limited)
Jul. 1998	Launched 3 in 1 Internet Chip (DM9102F), Bus MAC Controller and PHY/Transceiver.
Apr. 1999	Additional Cash Capital NT\$160,000,000, Paid-up Capital increased to NT\$400,000,000.
Jun. 1999	Launched 56K Modem Chip (DM560P).
Oct. 1999	Launched DM9801, 0.35 μ m 1 Mbps Home Networking PHY/Transceiver.
Dec. 1999	Securities and Futures Institute authorized public offering.
May 2000	Replenished earnings and employee bonuses NT\$109,500,000 into Capital, Paid-up Capital increased to NT\$509,500,000.
Jun. 2000	Launched DM9102A, Bus MAC Controller and PHY/Transceiver.
Jun. 2001	Replenished earnings and employee bonuses NT\$21,880,000 into Capital, Paid-up Capital increased to NT\$531,380,000.
Oct. 2001	Launched DM9000, NON-PCI Bus MAC Controller and PHY/Transceiver.
May 2002	Launched DM9331A, Fiber Ethernet media converter chip.
Jun. 2002	Fulfilled the requirements of Emerging listing.
Mar. 2003	Launched the world's smallest IrDA MODEM Module.
Jun. 2003	Developed 802.11b WLAN MAC Control Chip.
Jun. 2003	Developed 10/100M 0.25 μ m PHY Chip.
Aug. 2003	DM9700, 1.8/3.3V 0.18 μ m 10/100/1000M Base-TX Single chip Gigabit MAC and PHY transceiver.
Oct. 2003	DM9102C, 2.5/3.3V 0.25 μ m 10/100M Base-TX Integrated PCI, Single chip Bus Embedded System.
Oct. 2003	DAVICOM was authorized by ISO 9001: version 2000. (Issued by Lloyd's Register Inspection Limited Taiwan Branch for and on behalf of Lloyd's Quality Assurance Limited)
Dec. 2003	Launched DM562AP, Support MFP G3 33.6K color fax with T.31 command.
Mar. 2004	DAVICOM moved to the new building.
Apr. 2004	Additional Cash Capital NT\$108,620,000, Paid-up Capital increased to NT\$640,000,000.
May 2004	Obtained Technology Company Listed Recommendation from Industrial Development Bureau of Economic Affairs.
May 2004	Launched DM3003, USB 2.0 Card Reader Controller.
Jun. 2004	Developed DM8603, Gigabit Switch.
Jan. 2005	Provided environmentally friendly products: RoHS.
May 2005	Launched DM6588A-E5 2.5/3.3V 0.25 μ m.
Sep. 2005	Launched DM9000A-E7.
Mar. 2006	Launched an integrated program of DM9218 and IP-CAM.
May 2006	Products obtained the certification of SONY SS-00259.

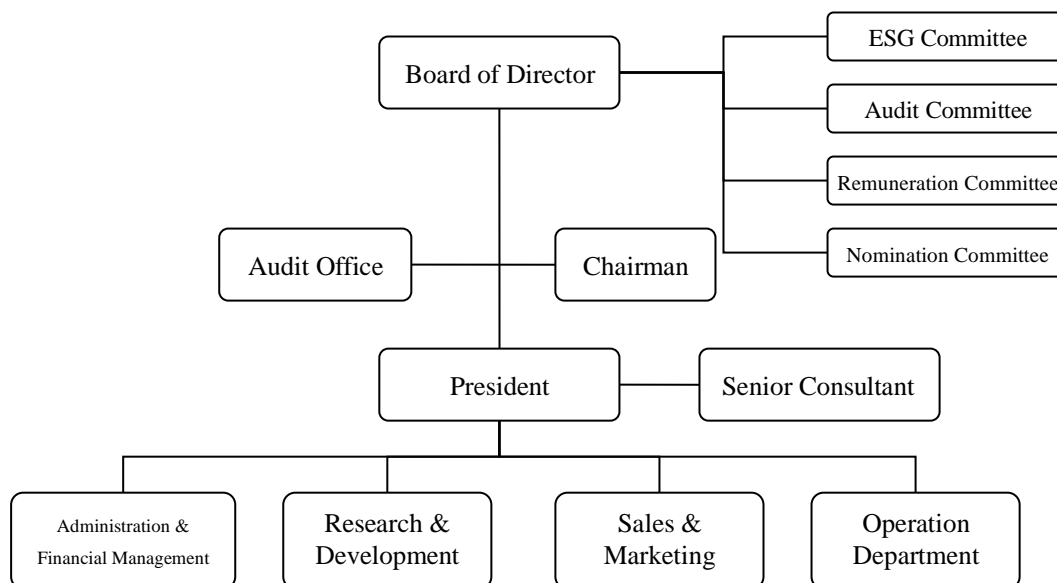
Jul. 2006	Launched DM9013.
Oct. 2006	Provided industry-standard products.
Nov. 2006	Launched DM6588A-E6 2.5/3.3V 0.25 μ m and Multi-function fax modem chip.
Jan. 2007	Launched DM9000B 0.18 μ m.
Jan. 2007	Launched DM9161B 0.18 μ m.
Apr. 2007	Obtained Technology Company Listed Recommendation from Industrial Development Bureau of Economic Affairs.
Jun. 2007	Distributed stock dividends from retained earnings and employee bonus NT\$10,542,000 transferred into Capital, Paid-up Capital increased to NT\$700,700,000.
Jun. 2007	Mass production of DM9003/ DM9103 and hit the market.
Aug. 2007	Additional Cash Capital NT\$93,430,000, Paid-up Capital increased to NT\$794,131,000.
Aug. 2007	Listed on Taiwan Stock Exchange (Code-3094) on August 6th.
Sep. 2007	Launched DM9102H 0.18 μ m.
Sep. 2008	Launched the solution of IP2001 MPEG4 IP Camera.
Dec. 2008	Launched DM9016, Embedded Ethernet Switch Controller.
Feb. 2009	Launched DM9620, USB2.0 to Ethernet MAC Controller.
Jun. 2009	Launched DM9302.
Nov. 2009	DAVICOM was authorized by ISO 9001: version 2008. (Issued by Lloyd's Register Inspection Limited Taiwan Branch for and on behalf of Lloyd's Quality Assurance Limited)
Nov. 2009	Launched DM9621, Ethernet MAC Controller for USB Dongle.
Jan. 2010	Developed 802.3az Energy-saving technology.
Apr. 2010	Launched DM9161C.
May 2010	DM9620 & DM9621 certified by USB IF (ITD40001021).
Aug. 2010	Launched DM8606C.
Oct. 2010	Launched DM8603/DM8203.
Nov. 2010	DAVICOM won Gold Medal of 2010 Standard Chartered SMEs.
Nov. 2010	DM9620 & DM9621 certified by Microsoft drivers.
Dec. 2010	Developed IEEE1588 Precise time synchronization technology.
Mar. 2011	Developed DM8806.
Apr. 2011	Developed DM8603A.
Jul. 2011	Developed DM9633 USB3.0, to Ethernet MAC Controller.
Dec. 2011	Launched DM9162.
May 2012	Launched DM9620A/ DM9621A, USB to Ethernet MAC Controller.
Jul. 2012	Launched DM8806/ DM8806L.
Jul. 2012	Launched hearing aid software "HearingAmp" and was available on iTunes.
Nov. 2012	Launched Medical Care return pass system hardware, firmware and server platform.
Mar. 2013	Launched new IC product line: Video Decoder 1-Channel: DM5900/ DM5960/ DM5150/DM5160.
May 2013	Launched hearing aid software "HearingAmp V1.2" and was available on iTunes.
Jul. 2013	Launched new IC product line: Video Decoder 4-Channel: DM5865/ DM5866/ DM5885/DM5886.
Sep. 2013	Launched hearing aid software "HearingAmp V1.3" and is available on iTunes.

Nov. 2013	Launched Medical Care return pass system Apps.
Apr. 2014	Launched DM9163.
Jul. 2014	Purchased Teamtech Technology Corp EPD Driver and SoC IC product line.
Aug. 2014	Launched DM9051.
Sep. 2014	Launched hearing aid software “HearingAmp V1.4” and was available on iTunes.
Nov. 2014	Launched hearing aid software “HearingAmp V1.5” and was available on iTunes.
Sep. 2015	Developed tricolor e-paper driver with wireless energy harvesting chips.
Oct. 2015	Developed embedded portable hearing aid software “HearingPod V1.0”.
Nov. 2015	Developed voltage mode low-power high speed Ethernet transceiver chipsets.
Apr. 2016	Launched hearing aid software “HearingAmp V1.6” and was available on iTunes.
May. 2016	Developed a digital circuit with flexible operation capability to precisely control an analog circuit and can be applied to medical products.
Nov. 2016	Completed the foresighted hearing aid platform of HearingPod V1.1 smart device.
Dec. 2016	Launched hearing aid software “HearingAmp V1.7” and was available on iTunes.
Mar. 2017	Complete the smart device of advanced hearing-aid platform HearingPod V1.3
May 2017	Developing the cluster nodes communication system on shelf labels application ESL.
Jun. 2017	Complete in-audio hearing-aid platform HearingPod V1.3.
Dec. 2017	Developing the best waveform display mode based on environment temperature and RF power driven EPD IC.
Mar. 2018	Import 0.11u process on ethernet chip DM9111A.
Jul. 2018	Launched one-to-many node high-speed data exchange and power-saving transmission protocol for wireless communication for electronic paper price label system.
Oct. 2018	Develop Dot Matrix Type Electronic Paper Driver IC with Image Frame Decompression Algorithm.
Sep.2019	Launched build-in temperature sensor three colors EPD Segment driver IC
Oct.2019	Launched industry temperature 10/100/1000M Ethernet Giga-PHY transceiver
Nov.2019	Launched AI SoC With Integrated Image Recognition
Nov.2019	Launched MCU IC for TENS application
Jan.2020	Develop RFID Trajectory Algorithm
Apr.2020	Develop Universal Serial Bus to Universal Asynchronous Receiver Transmitter converter control IC
Jul.2020	Develop Fusing RFID and Vision Technology
Mar.2021	Develop the algorithm and weighting model system application of Edge AI chip.
Jun.2021	Develop the human and objects precision locating system with RFID and AI operation.
Nov.2021	Develop the real-time Ethernet network application protocol and algorithm.
Mar.2022	Launch the RFID logistics management system integrated with AI image recognition.
Mar.2022	Development of new process design network chips.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Department Functions

Department	Functions
President	Strategic planning, business planning authorization and supervision.
Audit Office	Identifying deficiencies in the internal control system, assessing the effectiveness and efficiency of operations, providing appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Sales and Marketing	In charge of formulating and implementing corporate marketing strategy, product plans, and customer service.
Research and Development	Responsible for research design and development of communication IC products, sample verification, and programs writing for system testing and IC driver.
Operations Department	Responsible for product manufacturing and production capacity allocation. Planning and execution of quality control systems, general affairs and other affairs.
Administration and Financial Management	The management department is in charge of planning and execution of human resource management; The financial department is in charge of financial policy management and accounting. The Information Technology Department is responsible for the company's system management and software development.

3.1.3 Management Team

Title	Name	Work Experience	Education
Chairman	Ting Hao	Founder of DAVICOM Semiconductor, Inc.	Doctor , Business Management, Victoria University Master , EECS, UC Berkeley Bachelor , Dept. of Electrical and Control Engineering, National Chiao Tung University
President	Nien-Tai Chen	Chairman of HITPOINT INC.	Bachelor , Dept. of Electrical and Control Engineering, National Chiao Tung University
Vice President	Hsin-Min Yu	United Microelectronics Corp.	Master , EMBA National Tsinghua University
Chief Technology Officer	Cheng-Fang Chiu	Former Deputy Manager of UMC	Master , Dept. of Computer Science, National Tsinghua University Bachelor , Dept. of Information Engineering and Computer Science, Feng Chia University
Chief Financial Officer	Chun-Chun Yang	Former CFO of C-COM Ltd.	Bachelor , Dept. of Cooperative Economics, Feng Chia University

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

(1). Directors Information

April 02, 2023

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Ting Hao	Male 61-70	June 29, 2022	3	May 21, 1999	1,844,000	2.22	2,119,000	2.55	0	0.00	0	0.00	Doctor , Business Management, Victoria University Master , EECS, UC Berkeley Bachelor , Electrical and Control Engineering, National Chiao Tung University	-Independent Director, United Integrated Services Co., Ltd. - Independent Director, MiTAC Holdings Corporation	-	-	-	
Director	R.O.C.	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	Female 51-60	June 29, 2022	3	June 12, 2006	3,982,475	4.79	3,982,475	4.79	0	0.00	0	0.00	TSMC Senior Engineer Department of Information Management, Ming Chuan University	- Director, DAVICOM Semiconductor Inc.	-	-	-	-
Director	R.O.C.	Tzay Hua Ltd. (Representative person : Cheng -Feng Chiu)	Male 51-60	June 29, 2022	3	June 10, 2013	1,480,652	1.78	1,480,652	1.78	0	0.00	0	0.00	Former Vice President of Medicom Corporation Master, Dept. of Electronic engineering, National Chiao Tung University	-Director of Advanced Development Division Dept.of Davicom -Director of the Medicom Corporation	-	-	-	-
Director	R.O.C.	Yun-Ping Lin	Male 61-70	June 29, 2022	3	June 12, 2019	900,000	1.08	900,000	1.08	0	0.00	0	0.00	Executive Master of Business Administration (EMBA), National Chung Hsing University	-Owner of Sane Way Enterprises Co., Ltd. -Owner of Crown Star International Investment Co.,	-	-	-	-
Independent director	R.O.C.	Chang-Yue Ueng	Male 51-60	June 29, 2022	3	June 12, 2019	150,000	0.18	150,000	0.18	0	0.00	0	0.00	CFO,Controller Sonavox Electronics Co., Ltd. VP & CFO, Administration Center Ichia Technologies, Inc.. Ph.D. of Statistics, Colorado State University, USA	-Financial Manager,Kwo Ger Metal Technology Inc.	-	-	-	-
Independent director	R.O.C.	Jen-Jyh Hwang	Male 61-70	June 29, 2022	3	June 20, 2005	0	0.00	0	0.00	0	0.00	0	0.00	Associate Professor, National Sun-Yat-sen University Ph.D.Dept. of Mechanical Engineering, The Pennsylvania State University, USA	- Adjunct Associate Professor, National Sun-Yat-sen University -Independent director of JG Environment Tech.	-	-	-	
Independent director	R.O.C.	Niang-Shou Wei	Male 61-70	June 29, 2022	3	June 12, 2019	4,000	0.00	4,000	0.00	0	0.00	0	0.00	Director of Production and Operations Center Shanghai Fanfeng Vacuum Machinery Co., Ltd. Executive Master of Business Administration (EMBA), National Tsing Hua University	- Director, DAVICOM Semiconductor Inc.	-	-	-	-

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 5: If the chairman and general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer)

(2). Major Shareholders of the Institutional Shareholders

April 02, 2023

Name of Institutional Shareholders	Major Shareholders
Goodyears Investments Ltd.	Ke-Chen Cheng (99.70%)
Tzay Hua Ltd.	Ke-Chen Cheng (61.72%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete following Form.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(3). Major Shareholders of the Company's Major Institutional Shareholders

April 02, 2023

Name of Institutional Shareholders	Major Shareholders
NA	NA

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(4). Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

Name \ Qualification	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Ting Hao	Have Work Experience in the Areas of Commerce, or Otherwise Necessary for the Business of the Company	Not Applicable	2
Goodyears Investments Ltd. (Representative person: : Wen-Chen Lin)	Have Work Experience in the Areas of Commerce, or Otherwise Necessary for the Business of the Company		0
Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	Have Work Experience in the Areas of Commerce, or Otherwise Necessary for the Business of the Company		0
Yun-Ping Lin	Have Work Experience in the Areas of Commerce, or Otherwise Necessary for the Business of the Company		0
Chang-Yue Ueng	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company and not against Article 30 of the Company Law	All independent directors meet the following conditions: 1. Comply with the relevant regulation of Article 14-2 of the Securities and Exchange Act promulgated by the FSC and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 2. A natural-person (held by the person under others' names) spouse, minor children, didn't held the company's shares. 3. Didn't received the remuneration from the company or its affiliated companies for providing business, law, finance, accounting and other service.	0
Jen-Jyh Hwang	An Instructor in a Department of Commerce, or Other Academic Department Related to the Business Needs of the Company in a Public or Private College or University		1
Niang-Shou Wei	Have Work Experience in the Areas of Commerce, or Otherwise Necessary for the Business of the Company		0
<p>Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.</p> <p>Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.</p>			

(5). Diversity and Independence of the Board of Directors:

Board of directors' expertise

The company has a "Nomination Committee" and adopts a "Candidate Nomination System". All director candidates are nominated and qualified by the "Nomination Committee". After the resolution of the board of directors is passed, they are sent to the shareholders' meeting for election. According to Article 20, Item 4 of the Company's "Corporate Governance Best Practice Principles for Companies", all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- 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.

Diversity of the Board of Directors

In order to strengthen corporate governance and promote the development of the composition and structure of the board of directors, in Article 20, item 3 of the Corporate Governance Best Practice Principles for Companies revised on November 11, 2016. The composition of the board of directors should take into account diversity, and the number of directors who also serve as company executives should not exceed one-third of the total number of directors. In addition, appropriate diversification policies should be formulated based on the board's operations, operating model, and development needs. These policies should include, but are not limited to, the following two major aspects:

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

The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. The members have extensive experience and expertise in accounting, finance, technology, industry and management. In addition, the company also pays attention to gender equality in the composition of the board of directors. There must be at least one female director. At present, there are 7 directors, including 1 female director, with a ratio of 1/7.

Name	Composition							Industry Experience				Professional ability				
	Gender	Nationality	Employee of the company	Age		Term of Independent Directors			Net work Communication	Information Management and Security	Semiconductor IC Design	Industry Knowledge	Accounting	Information Technology	Risk Management	Financial Management
				51-60	60-70	Less than 3 years	3 to 9 years	More than 9 years								
Chairman: Ting Hao	Male	R.O.C.	V		V				V	V	V	V	V	V	V	V
Juridical Person Director : Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	Female	R.O.C.		V							V	V		V	V	V
Juridical Person Director : Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	Male	R.O.C.	V	V					V	V	V	V	V			
Director : Yun-Ping Lin	Male	R.O.C.			V						V			V	V	V
Independent director : Chang-Yue Ueng	Male	R.O.C.		V			V			V	V	V	V	V	V	V
Independent director : Jen-Jyh Hwang	Male	R.O.C.			V		V			V	V			V		
Independent director : Niang-Shou Wei	Male	R.O.C.			V		V		V		V	V	V			V

Independence of the Board of Directors :

The current board of directors of our company consists of 7 directors, including 3 independent directors. These 3 independent directors do not have any circumstances as specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, including situations where there are spousal or familial relationships up to the second degree between directors, supervisors, or between directors and supervisors.

3.2.2 Profiles of Key Managers

April 02, 2023 / Unit : shares

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse and Minor Shareholding		Shares Held in the Name of Others		Experience (Education)	Other Position	Managers who are Spouses or Within Second-Degrees of Relative of Consanguinity to Each Other			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Nien-Tai Chen	Male	Nov. 11, 2022	0	0.00	0	0.00	0	0.00	Bachelor , Electrical and Control Engineering, National Chiao Tung University	NA	NA	NA	NA	
CFO/Vice President	R.O.C.	Chun-Chun Yang	Male	Aug. 17, 2010	70,099	0.08	0	0.00	0	0.00	Bachelor , Cooperative Economics, Feng Chia University	Chairman of Medicom Co.	NA	NA	NA	
CTO/Vice President	R.O.C.	Cheng-Fang Chiu	Male	Aug. 10, 2016	115,508	0.14	1,671	0.00	0	0.00	Master , Computer Science, NTHU	NA	NA	NA	NA	
Vice President	R.O.C.	Hsin-Min Yu	Male	Jan. 07, 2021	240,610	0.29	0	0.00	0	0.00	Master , MBA NTHU	NA	NA	NA	NA	

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer)

3.3 Remuneration of Directors (including Independent Directors), President, and Vice President

3.3.1 Remuneration of Directors and Independent Directors

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 7)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 8)
		Base Compensation (A) (Note 1)		Severance Pay and Pensions (B)		Bonus to Directors (C) (Note 2)		Allowances (D) (Note 3)				Salary, Bonuses, and Allowances (E) (Note 4)		Severance Pay and Pensions (F)		Profit Sharing- Employee Bonus (G) (Note 5)						
		The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company		From All Consolidated Entities (Note 6)		The company	From All Consolidated Entities (Note 7)			
Chairman	Ting Hao	0	0	0	0	345	345	18	18	0.52	0.52	4,565	4,565	0	0	399	0	399	0	7.72	7.72	NA
Director	Goodyears Investments Ltd.(Representative person : Wen-Chen Lin)	0	0	0	0	345	345	18	18	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	NA
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	0	0	0	0	345	345	18	18	0.52	0.52	1,955	1,955	95	95	155	0	155	0	3.72	3.72	NA
Director	Yun-Ping Lin	0	0	0	0	345	345	18	18	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	NA
Independent director	Chang-Yue Ueng	0	0	0	0	184	184	318	318	0.73	0.73	0	0	0	0	0	0	0	0	0.73	0.73	NA
Independent director	Jen-Jyh Hwang	0	0	0	0	184	184	318	318	0.73	0.73	0	0	0	0	0	0	0	0	0.73	0.73	NA
Independent director	Niang-Shou Wei	0	0	0	0	184	184	318	318	0.73	0.73	0	0	0	0	0	0	0	0	0.73	0.73	NA

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.

The remuneration policy for directors of the Company is as follows:

- (1) According to the Articles of Incorporation, whether company's income gain or loss, the company should pay remuneration to directors when they fulfill their responsibility. The remuneration shall be paid according to the directors' contribution and value to company's operation, and authorize the board of directors to pay the compensation according to the general pay levels in the industry.
- (2) The payment standard of directors' travelling expense and monthly compensation is set by the company's remuneration committee and the board of directors:
 - (A) Attendance fee for directors and independent directors per meeting is NTD 2,500 (once a day)
 - (B) Since all independent directors serve as members of functional committees (such as the nomination committee, remuneration committee and audit committee), they are responsible for participating in discussions and resolutions at committee meetings, so they have a monthly allowance of NTD25,000 for the fulfillment of business operations. General directors do not have this allowance.
- (3) The company's annual director's remuneration shall be set aside not more than 2% of the current year's pre-tax earnings in accordance with the company's articles of incorporation. If the amount of directors' remuneration is more than NTD 600,000, it will be allocated to each of the 4 directors with NTD 150,000, and the excess amount will be shared equally by all directors and independent directors. If the director's compensation amount is less than NTD 600,000, the Director's remuneration is divided equally among the four directors.

Note 1: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 2: The board of directors approved the proposed distribution of 2022 directors' remuneration total 1,932 thousands on 2023/03/07(Board of Directors' Meeting) before 2023 shareholder's meeting. The remuneration disclosure of each director is round to nearest thousand, the following are unconditionally rounded down.

Note 3: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, etc.)

Note 4: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, etc.)

Note 5: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee).

Note 6: Disclosure of the total amount of remuneration paid to the directors of our company, including our company, in the consolidated financial statements.

Note 7: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 8: Disclose the total amount of remuneration received by company directors from investments outside of subsidiaries or related to the parent company. Remuneration refers to compensation, salaries (including those of employees, directors, and supervisors), and related expenses for business execution received by the company's directors in their capacities as directors, supervisors, or executives of investments outside of subsidiaries or the parent company.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises): None

Remuneration of Directors

Unit: NT\$ thousands/ thousands shares

Range of Remuneration	Name of Directors			
	Compensation Paid to Directors (A+B+C+D)		Compensation Paid to Directors (A+B+C+D+E+F+G)	
	The company (Note 8)	From All Consolidated Entities (Note 9)	The company (Note 8)	From All Consolidated Entities (Note 9)
Less than NT\$1,000,000	Ting Hao Goodyears Investments Ltd. (Representative person : Wen-Chen Lin) Tzay Hua Ltd. (Representative : Cheng-Feng Chiu) Yun-Ping Lin Chang-Yue Ueng Jen-Jyh Hwang Niang-Shou Wei		Goodyears Investments Ltd. (Representative person : Wen-Chen Lin) Yun-Ping Lin Chang-Yue Ueng Jen-Jyh Hwang Niang-Shou Wei	
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)	-		-	
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)			Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)				
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)			Ting Hao	
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)				
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)				
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)				
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)				
NT\$100,000,000 or more				
Total	7	7	7	7
Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated				

separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in 2022 (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of 2022 director profit-sharing compensation approved by the board of directors for distribution.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in 2022 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2— including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to the disclosure of the amount of employee compensation (including stocks and cash) granted to directors who also serve as employees (including those who serve as general managers, deputy general managers, other managers, and employees) during the fiscal year 2022. This disclosure should include the amount of employee compensation proposed for distribution by the board of directors on March 7, 2023, prior to the shareholders' meeting for the most recent fiscal year ending.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3.3.2 Remuneration of Supervisors :

The company established the Audit Committee on July,05,2010. No remuneration of supervisors.

3.3.3 Remuneration of the President and Vice President

Unit: NT\$ thousands/ thousands shares

Title	Name	Salary(A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%)(Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	From All Consolidated Entities (Note 5)	The company	From All Consolidated Entities (Note 5)	The company	From All Consolidated Entities (Note 5)	The company		From All Consolidated Entities (Note 5)		The company	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
President	Nien-Tai Chen	256	256	15	15	43	43	24	0	24	0	0.49	0.49	NA
Vice President	Cheng-Fang Chiu	1,823	1,823	108	108	482	482	162	0	162	0	3.73	3.73	NA
Vice President	Hsin-Min Yu	1,645	1,645	103	103	436	436	156	0	156	0	3.39	3.39	NA
Vice President	Chun-Chun Yang	1,628	1,628	102	102	441	441	209	0	209	0	3.45	3.45	NA

Remuneration of President and Vice President

Range of Remuneration	Name of President and Vice President	
	The company	From All Consolidated Entities
Less than NT\$1,000,000	Nien-Tai Chen	Nien-Tai Chen
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)		
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	Cheng-Fang Chiu Hsin-Min Yu Chun-Chun Yang	Cheng-Fang Chiu Hsin-Min Yu Chun-Chun Yang
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)		
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)		
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)		
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)		
NT\$100,000,000 or more		
Total	4	4
<p>Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table above.</p> <p>Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in 2022.</p> <p>Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in 2022. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.</p> <p>Note 4: This refers to disclosing the amount of employee compensation (including stock and cash) distributed to directors who are also employees (including those who hold positions such as CEO, COO, and other executives) as proposed and approved by the board of directors prior to the shareholder meeting for the most recent fiscal year, which was passed on March 7, 2023. If the amount cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of actual distribution amount from the previous year, and a separate table should be included.</p> <p>Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).</p> <p>Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.</p> <p>Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).</p> <p>Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.</p> <p>Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from</p>		

investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act

Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: NT\$ thousands/ thousands shares

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial officers	President	Nien-Tai Chen	0	551	551	0.80
	CFO	Chun-Chun Yang				
	CTO	Cheng-Fang Chiu				
	Vice President	Hsin-Min Yu				

Comparison of Remuneration for Directors, Supervisors, President and Vice President in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents.

The ratio of total remuneration paid by the Company and from all consolidated entities for the two most recent fiscal years to directors, supervisors, president and vice president of the company, to the net income.

Year	Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)	
	The company	From All Consolidated Entities
2022	26.45%	26.45%
2021	23.04%	23.04%

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board

(1). A total of seven (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】 (Note 1& 2)	Remarks
Chairman	Ting Hao	7	0	100%	
Director	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	7	0	100%	
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	7	0	100%	
Director	Yun-Ping Lin	7	0	100%	
Independent director	Chang-Yue Ueng	7	0	100%	
Independent director	Jen-Jyh Hwang	7	0	100%	
Independent director	Niang-Shou Wei	7	0	100%	

Other mentionable items:

- If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
 - Any matter under Article 14-3 of the Securities and Exchange Act.: None of the independent director expresses an objection or reservation
 - In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution : None
- The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.: None
- For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 3.4.1.(2) Implementation of Evaluations of the Board of Directors.
- Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.
 - The company has adopted the "Rules of procedure for meetings of its board of directors" according to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Update the director's attendance at the board of directors in MOPS, and disclose the major resolutions of the board of directors on the company's website.
 - The company has elected three independent directors at the shareholders' meeting, and these three independent directors form the audit committee, which meets at least once a quarter, and is responsible for the implementation of the fair representation of the company's financial statements, the selection (dismissal) and the independence and performance of certified accountants, the effective implementation of the company's internal control, the company's compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks.
 - The company consists of 3 independent directors to form a remuneration committee, which is responsible for implementing regular evaluations and formulating the company's overall compensation policies, formulating and regularly (at least twice a year) reviewing the performance evaluation and compensation policies and

systems, standards and structure of directors and managers. Regularly evaluate and determine the remuneration of directors and managers, employee stock option plans and employee profit-sharing plans or other employee incentive plans.

- (4) Improve the functions of the board of directors of the company and strengthen the management mechanism The nomination committee is consist of 2 independent directors and 1 director.
- (5) The company has established a performance evaluation system for the board of directors, and regularly establishes self-evaluation and peer-evaluation questionnaires for evaluation and review every year, so as to give full play to the self-improvement of board members and enhance the function of the board of directors for sound operation.
- (6) The company has purchased liability insurance for all directors, and has reported them in accordance with regulations.

Note1 : If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

Note2 : If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2). Implementation Status of Board Evaluations

Evaluation Cycles	Evaluation Periods	Scope of evaluation	Evaluation Methodology	Evaluation Content
Once a year.	2022.01.01~ 2022.12.31	The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.	Include self-evaluation by individual board members and the inter evaluation of the board.	The criteria for evaluating the performance of the board members on themselves covered the following six aspects: 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2022 to 31 December 2022.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

3.4.2 Operation of Audit Committee

The Audit Committee was established on July 5, 2010. As of March 31, 2023, the committee consists of three independent directors, one of whom has a financial or accounting background. The organizational charter of the Audit Committee is available on MOPS.

(1). A total of seven (A) Audit Committee meetings were held in the previous period (from January 2022 till November 2022). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Chang-Yue Ueng	7	0	100%	
Independent director	Jen-Jyh Hwang	7	0	100%	
Independent director	Niang-Shou Wei	7	0	100%	

Other mentionable items:

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

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

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of director

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

Audit Committee Meeting Summary

Date	Meeting Resolutions
11/11/2022	1. Approved the third quarter 2022 consolidated financial statement 2. Approved the 2023 internal audit plan 3. Approved the revision of the company's procedures for Handling Material Inside Information
08/09/2022	1. Approved the second quarter 2022 consolidated financial statement
06/29/2022	1. To elect the Convener and Chairman of the Audit Committee for the fifth term of the company. Mr. Chang-Yue Ueng has been elected as the convener and chairman of the company's 5th Audit Committee.
05/10/2022	1. Approved the first quarter 2022 consolidated financial statement 2. Approved the revision of the company's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsement /Guarantees".

04/11/2022	<ol style="list-style-type: none"> 1. Approved the 2021 earnings distribution proposal 2. Approved the proposal for cash distribution of 2021 additional paid capital 3. Approved the proposal of amendment to the company's "Employee Share Transfer Regulations for the First Repurchase of Treasury Shares in 2020"
02/24/2022	<ol style="list-style-type: none"> 1. Approved the 2021 business report and financial statements 2. Approved the 2021 management's reports on internal control
01/26/2022	<ol style="list-style-type: none"> 1. Approved the cancellation of the treasury stocks repurchased by the company in 2018. 2. Approved the 2022 CPA assessments of competence and independence 3. Approved the 2022 CPA selection and appointment.

Independent Director and CPAs Meeting Summary

Communications between the Independent Directors and CPAs :

- (1) CPAs regularly discusses in writing with the independent directors of the Audit Committee each quarter, If necessary, a meeting will be held with independent directors to explain and discuss.
- (2) The Audit Committee take finical statement confirmed by CPAs as reference to completed the audit report.

Date	Meeting Resolutions
11/11/2022	1. CPAs discussed in writing about the third quarter 2022 consolidated financial report and audit report
08/09/2022	1. CPAs discussed in writing about the second quarter 2022 consolidated financial report and audit report
05/10/2022 CPA attend Audit Meeting	1. CPAs discussed in writing about the first quarter 2022 consolidated financial report and audit report.
04/11/2022	1. CPAs explain about the distributable amount of profits for the year 2021 to the independent directors in writing.
02/24/2022	1. CPAs discussed in writing about the fourth quarter 2021 individual and consolidated financial report, adjustment entry and audit report.

Independent Directors and the Internal Audit Officer Meeting Summary

Communications between the Independent Directors and the Internal Audit Officer:

- (1) Independent Directors have asked the Internal Audit Officer to submit audit reports and follow-up report quarterly in Board and Audit Committee meeting.
- (2) Independent Directors have asked the Internal Audit Officer to report on the implementation status of the annual audit plan and improvement situation, if necessary, call a meeting for major fraud.

Date	Meeting Resolutions
------	---------------------

- | | |
|------------|---|
| 11/11/2022 | <ol style="list-style-type: none">1. Internal Audit Officer presented the 2023 internal audit plan2. Presented the third quarter 2022 audit report3. Internal Audit Officer responded to questions from Independent Directors |
| 08/09/2022 | <ol style="list-style-type: none">1. Presented the second quarter 2022 audit report2. Internal Audit Officer responded to questions from Independent Directors |
| 05/10/2022 | <ol style="list-style-type: none">1. Presented the first quarter 2022 audit report2. Internal Audit Officer responded to questions from Independent Directors |
| 02/24/2022 | <ol style="list-style-type: none">1. Presented the fourth quarter 2021 audit report2. Internal Audit Officer presented 2021 internal management control system declarations to Independent Directors3. Internal Audit Officer responded to questions from Independent Directors |

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the and MOPS (Market Observation Post System).	No difference
2. Shareholding Structure and Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The company has established the Rules of Procedure for Shareholders Meetings, set up the spokesman and deputy spokesperson and has assigned the specific person to deal with issues related to investor relations and shareholder opinion, doubts, disputes or lawsuits. The company’s website also provides the contact information and E-mail for investors.	No difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		In addition, the stock agency is entrusted to regularly update the register of shareholders and the register of major shareholders to fully grasp the list of major shareholders.	No difference
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		Various financial and business matters with affiliated companies are based on the principle of mutual independence, and formulate "Supervision and Operation Measures for Subsidiaries", "Group Enterprises, Specific Companies and Related Persons Transaction Operation Measures", "Internal Control System", "Internal Audit System", etc., to establish risk control and firewall mechanisms with affiliated companies.	No difference
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The company has established the Procedures for Ethical Management and Code of Ethics and Business Conduct to that company insiders are prohibited from using unpublished information on the market to buy and sell securities.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p> <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(4) Does the Company regularly evaluate its external auditors’ independence?</p>	V		<p>(1) Our company has established a "Corporate Governance Best Practice Guidelines" which sets the policy for a diversified composition of the board of directors. Currently, our board consists of seven members, including three independent directors and one female director. Each director possesses professional backgrounds in various fields, such as law, accounting, industry, finance, marketing, research and development, technology, management, professional skills, and industry experience, to implement the policy of diversification of the board of directors' composition.</p> <p>(2) With a Remuneration Committee and an Audit Committee to assist the Board of Directors in executing its duties, DAVICOM also established Nomination Committee which can efficiently assist Board of Directors.</p> <p>(3) Our company established the "Board of Directors Performance Evaluation Guidelines" on August 10, 2016, which stipulates that the board of directors' performance evaluation should be completed by the end of March of the following year and the evaluation results should be submitted to the board of directors for approval. This is to enhance the efficiency of the board of directors' operations.</p> <p>The Nomination Committee completed the 2022 board of directors' performance evaluation, and the evaluation result was "excellent," which was submitted to the board of directors on January 16, 2023.</p> <p>(4) The Audit Committee and the Board of Directors evaluate the independence, competence and professionalism of CPA at least once a year. Since June, 2015, CPA has been required to provide a “transitional independence statement” every year. The company has confirmed the company’s visa and tax expenses. In addition to the expenses, there are no other financial interests and business</p>	<p>No difference</p> <p>No difference</p> <p>No difference</p> <p>No difference</p>

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>relationships; the CPA’s family members do not violate the requirements of independence and report to the Board of Directors. The Board of Directors of the Company also examined the CPA's personal resume (representing the past and current clients of the accountant) and the independence statement of each CPA (not in violation of the Professional Ethics Bulletin No. 10) for discussion by the Board of Directors when discussing the independence and appointment of the CPA.</p> <p>The Board of Directors has approved the independence assessment of the CPA for 2023 on January 16, 2023. Please refer to page 39 for details of the independence assessment of the CPA for the year 2023.</p>	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>On May 13, 2019, the 21st meeting of the eighth session of the board of directors of the company passed a resolution to appoint James Yang, the chief financial officer of the company, as the director of corporate governance to protect the rights and interests of shareholders and strengthen the functions of the board of directors.</p> <p>The main responsibilities of corporate governance personnel are to provide the information required by directors (independent directors) to carry out business and the latest regulatory developments related to operating the company, so as to assist directors (independent directors) to comply with laws and regulations, and to handle matters related to the board of directors and shareholders' meetings in accordance with the law. The primary duties and operations are as follows:</p> <p>(1) Assist directors and independent directors and provide required information and arrange continuing education courses.</p> <p>(2) Handle matters related to the Board of Directors Meeting and the Shareholders’ Meeting pursuant to relevant laws and regulations, and assist the company in adhering to relevant laws and decrees determined at the Board of Directors Meeting and The Shareholders’</p>	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Meeting.</p> <p>(3) Notify directors 7 days in advance and provide the draft agenda of the board of directors and each functional committee to directors and provide relevant information. Complete the minutes of the meeting on the day of the meeting and provide it to the directors.</p> <p>(4) Prepare the shareholder meeting date registration, meeting notice, meeting handbook, meeting minutes for the Shareholders' Meeting. Convene an Investors' Conference and establish diverse communication channels with investors</p> <p>(5) We hold Investor Conference and establish diversified communication channels with investors to provide sufficient information for them to evaluate and determine the reasonable capital market value of the company, thus ensuring the maintenance of shareholders' equity.</p>	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		<p>The company has established communication and feedback channels with stakeholders, and values their rights and interests. We strive to understand their expectations and needs, and respond to their concerns. The Board of Directors is regularly updated on our interactions with stakeholders.</p> <p>Shareholders: Key Issues: Business performance, corporate governance, sustainable business policies, integrity policies, and risk management.</p> <p>Employees: Key Issues: Compensation and benefits, talent development, labor-management relations, and employee rights.</p> <p>Customers/Agents: Key Issues: Performance management, corporate governance, supply chain management, green product management.</p>	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Suppliers: Key Issues: Performance management, green product management, compliance with environmental regulations.</p> <p>The company website has established a section for stakeholders and corporate social responsibility, which facilitates stakeholders and the general public to access and view the information.</p> <p>Since 2015, our company has voluntarily published an ESG report and uploaded it to the company's website for public access by the end of June each year.</p>	
6. Has the Company appointed a professional registrar for its Shareholders Meetings?	V		The Company designates Fubon Securities Co., Ltd. to deal with shareholder affairs.	No difference
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The company has reported or disclosed important information related to finance and business in accordance with regulations on its company website(http://www.davicom.com.tw) and the MOPS for investors' reference.	No difference
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has assigned an appropriate person to handle information collection and disclosure. The Company also has established a spokesman system. Investor related information is disclosed on the corporate website and MOPS.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) The Company follows relevant laws and regulations to announce and report the annual financial statements within two months after the end of the fiscal year, and announce the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline	No difference
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		<p>(1) Employee Rights and Employee Care: The company value the growth of employee’s career. The company established the Governing Organization of Employees' Welfare Committee and provide various of welfare.</p> <p>(2) Investor Relation: The company provide a communication channel to investors such as shareholders’ meeting and set the spokesman system to deal with shareholders' opinion.</p> <p>(3) The company maintains smooth communication channels with its correspondent banks, employees, consumers and suppliers, and maintains a good relationship.</p> <p>(4) Stakeholders' rights: The company has spokespersons and proxy spokespersons to communicate directly with stakeholders to respect and safeguard their legitimate rights and interests.</p> <p>(5) Situation of further education for directors: The directors of the company have industry professional background and practical experience in operation and management. The company also provides regular courses on corporate governance and securities regulations for directors.</p> <p>(6) Implementation of risk management policies and risk measurement standards: formulate various internal rules and regulations in accordance with the law, and conduct various risk management and assessment.</p> <p>(7) Implementation of customer policy: The company maintains smooth communication channels with customers and maintains a good</p>	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			relationship. (8) Situation where the company purchases liability insurance for directors and managers: The company has purchased liability insurance for directors and managers to strengthen the protection of shareholders' rights and interests.	
9. Describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.	V		The improvement item of Corporate Governance Evaluation of Listed Companies: (1) If the company hold a general meeting of shareholders before the end of May? (2) Does the company voluntarily set up more independent directors than required by law? (3) Does the company formulate a succession plan for board members and key management levels, and disclose their operations on the company's website or annual report? (4) Does the company establish an information security risk management framework, formulate information security policies and specific management plans, and disclose them on the company's website or annual report? (5) Is there at least one of the company's internal auditors with certificates such as international internal auditors, international computer auditors or certified public accountants? (6) Does the company voluntarily publish the fourth quarter financial forecast report, and the relevant operations have not been corrected by the competent authority, and the stock exchange or the counter-buying center has not recorded any failures? (7) Has the company been invited (by itself) to hold at least two institutional investors' conference and the interval between the first and last two conference of institutional investors in the evaluation year is more than three months? (8) Does the company refer to international human rights conventions to formulate human rights protection policies and specific management plans, and disclose them on the company's website or annual report?	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(9) Does the company signed the Collective Agreement with Labor Union according to the Collective Agreement Act. (10) Does the company obtain the ISO 14001, ISO 50001, or the relative certification of environment or energy management? The company continuously improved the above items.	

2023 Assessments Table of competence and independence of CPA

The assessment item refers to the SAS No. 62 Communication with those Charged with Governance and No. 10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

No	Evaluation Item	Yes	No
1	Does the certified public accountant and the accounting audit team have any shareholding relationship with the company?		✓
2	Does the certified public accountant and professional service personnel appoint as directors (independent directors) or supervisors of the company?		✓
3	Is there a business relationship between the certified public accountant and the company?		✓
4	Is there any litigation relationship between the certified public accountant and the company?		✓
5	Are there any other matters between the certified public accountant and the Company that, in the judgment of the accountant, may violate independence?		✓
6	Does the certified public accountant issue quarterly (annual) review (audit) reports and financial statements on time?	✓	

Continuing Education/Training of Directors and Independent Directors in 2022

Title	Name	Date	Host by	Training/ Speech Title	Duration
Chairman	Ting Hao	2022/08/02	Securities & Futures Institute	The Development and Business Opportunities of Electric Vehicle(EV) and Smart Vehicle(SV).	3.0
		2022/06/10	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3.0
		2022/04/08	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2022 Precautions and Frequently Asked Questions for the Board of Directors and Shareholders' Meeting	3.0
Director	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	2022/10/28	Securities & Futures Institute	2022 Insider Trading Prevention Seminar	3.0
		2022/07/20	Taiwan Stock Exchange(TWSE)	“Sustainable Development Roadmap” Industry Theme Promotion Conference	2.0
		2022/05/04	Taiwan Stock Exchange(TWSE)	Twin-Summit Forum	2.0
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	2022/11/25	The Allied Association for Science Park Industries	Responsibilities and Obligations of Enterprises and Directors and Supervisors from the Perspective of the Securities and Exchange Act	3.0
		2022/05/20	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3.0
Director	Yun-Ping Lin	2022/05/20	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3.0
		2022/09/05	Securities & Futures Institute	The trends and up-to-date Development of Carbon Border Tax(CBT)	3.0
Independent Director	Chang-Yue Ueng	2022/07/20	Taiwan Stock Exchange(TWSE)	"Sustainable Development Roadmap” Industry Theme Promotion Conference	2.0
		2022/06/10	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3.0
		2022/05/12	Taiwan Stock Exchange(TWSE)	Twin-Summit Forum	2.0
Independent Director	Jen-Jyh Hwang	2022/06/10	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3.0
		2022/10/05	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Global anti-tax avoidance development trend and analysis of international inspection examples	3.0
Independent Director	Niang-Shou Wei	2022/09/13	The Allied Association for Science Park Industries	How do non-accounting background directors and supervisors review financial reports	3.0
		2022/07/07	Taiwan Stock Exchange(TWSE)	"Sustainable Development Roadmap” Industry Theme Promotion Conference	2.0
		2022/05/12	Taiwan Stock Exchange(TWSE)	Twin-Summit Forum	2.0

3.4.4.1 Composition, Responsibilities and Operations of the Remuneration

Committee

The Remuneration Committee aims at establishing and regularly reviewing the performance evaluation procedure for directors, supervisors and managers. In addition, it establishes compensation policy, system, standard and structure and regularly reviews the compensation of directors, supervisors and managers.

(1). Professional Qualifications and Independence Analysis of Remuneration Committee Members

Capacity (Note 1)	Qualifications Name	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Jen-Jyh Hwang	Please refer to page 16 of the annual report for information disclosure on the professional qualifications and the independence of independent directors		1
Independent director	Chang-Yue Ueng			0
Independent director	Niang-Shou Wei			0

(2). Attendance of Members at Remuneration Committee Meetings

a). Number of Board members : 3

b). Term of Office: 06/29/2022 – 06/28/2025. A total of seven (A) Remuneration Committee meetings were held in the previous period.

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convenor	Jen-Jyh Hwang	7	0	100%	
Board Member	Chang-Yue Ueng	7	0	100%	
Board Member	Niang-Shou Wei	7	0	100%	

Other mentionable items:

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

Remuneration Committee Meeting Summary

Date	Meeting Resolutions
11/11/2022	1. Approved the compensation proposal of the newly appointed President- Mr.Nien-Tai Chen and 2 newly promoted Assistant Vice Presidents. They will be included in the insider list from November 11, 2022.
08/09/2022	1. Approved the proposed amount for employee compensation for internal managers for the fiscal year 2021.
06/29/2022	1 Election of the Chairman and convener of the "Remuneration Committee " for the fifth term of the company. Mr. Jen-Jyh Hwang has been appointed as the convener and chairman of the 5th "Remuneration Committee" of the company.
05/10/2022	1. Approved the proposal of 2022 internal managers' Dragon Boat Festival bonus distribution
04/11/2022	1. Approved the proposal of "Employee stock ownership trust".
02/24/2022	1. Approved the 2021 Board of Director compensation and employee compensation distribution
01/26/2022	1. Approved the proposal of 2021 managers' year-end bonus 2. Approved the remuneration proposal for Chun-Chun Yang and Michael Chen's promotion as managers in 2022.

3.4.4.2 Key objectives of establishing a Nomination Committee:

1. The required qualifications and the responsibilities of the Company's nomination committee members: According to administrative rules, the Committee should consist of at least 3 members from the Board of Directors with more than half of independent directors participating. The main purpose of the establishment of the nomination committee is to assist the board of directors in the searching, review and nomination of director candidates, and to construct and develop the organizational structure of the board of directors to ensure the proper composition of the board of directors.
According to the organization rules of the Nomination Committee, its duties include:
 - (1) To formulate the standards that board members and senior manager required include professional knowledge, skills, experience, gender and other diversity background and independence to identify, review and nominate directors (independent directors) and senior managers candidates accordingly.
 - (2) To construct and develop the organizational structure of the board of directors and various committees, conduct performance evaluations of the board of directors, functional committees, directors and senior managers, and evaluate the independence of independent directors.
 - (3) Formulate and regularly review the training plan for directors and the succession plan for directors and senior managers.
 - (4) To formulate the Corporate Governance Best Practice Principles.
2. The professional qualifications and experience of the members and status of operations of the nomination committee:
 - (1). The Company's nomination committee has a total of 3 members.
 - (2). The term of the current members is from 2022/06/29 to 2025/06/28. The number of nomination committee meetings held in the most recent fiscal year was: 5 (A). The professional qualifications and experience and meeting attendance record of the members and matters discussed by the committee are as follows:

Title	Name	Professional qualifications and experience	No. of Meetings attended in person (B)	No. of meetings attended by proxy	In-person Attendance rate (%) (B / A) (Notes)	Remarks
Independent Director (Convener)	Niang-Shou Wei	Business management, Human resource management	5	0	100%	
Independent Director	Jen-Jyh Hwang	Law, Manufacturing Management	5	0	100%	
Chairman	Ting Hao	Business Management, Corporate Management and Governance, Finance	5	0	100%	

Other information required to be disclosed:

For any major motion put before the nomination committee, specify the meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the nomination committee members, the outcome of the resolution of the nomination committee, and the measures taken by the Company with respect to the nomination committee members' opinions.

Nomination Committee Meeting Summary

Date	Meeting Resolutions	Resolutions that have not been approved by the nomination committee and have been approved by more than two-thirds of all directors
11/11/2022	1.Approved the qualification review proposal of Mr. Nien-Tai Chen, the newly appointed general manager of the Company. 2.Approved the proposal of the "Charter of Nominating Committee" revision of the company.	None
06/29/2022	Election of the Chairman and Convener of the "Nomination Committee" for the third term of the company. Mr. Niang- Shou Wei has been appointed as the convener and chairman of the 3rd "Nomination Committee" of the company.	None
04/11/2022	Approved the qualification review of the nominees for the 10th Board of Directors (Independent Directors) election, as nominated by the company.	None
02/24/2022	Approved the proposal of Mr. Ting Hao concurrently working as the CEO and General Manager of the company	None
01/26/2022	1.Approved the proposal for performance evaluation of the board of directors for the fiscal year 2021. 2.Approved the promotion proposal for Mr. Chun-Chun Yang and Mr. Michael Chen's promotion as managers in 2022.	None

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development?</p> <p>Has the board of directors authorized senior management to handle related matters under the supervision of the board?</p>	V		<p>The company established a CSR team in 2015 to implement corporate social responsibility, and voluntarily compiled a "corporate social responsibility report", set up a "corporate social responsibility section" on the company's website, and disclosed the report on the website. In 2016, the management mechanism was introduced and the CSR team was elevated to the committee level, which shows the importance and forward-looking deployment of the company in fulfilling corporate social responsibility and implementing honest management.</p> <p>At present, the CSR Committee is composed of 1 independent director (as the convener) and 2 directors. The chairman serves as the ESG CEO and an executive secretary is set up to assist in the promotion of corporate social responsibility. At the end of 2020, the CSR Committee passed a resolution to rename itself as the "ESG Committee", and the new name will be used from January 1, 2021, and the organization's members and responsibility will remain the same.</p> <p>The ESG Committee regularly reports the current year's work plan and implementation results to the Board of Directors every year; the work plan has been reported to the Board of Directors on November 11th, 2022 and the execution results has been reported on January 16th, 2023.</p>	No difference
<p>2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality</p>	V		<p>The Board of Directors of our company passed the "Risk Management Operation Regulations" in November 2016 and established the "Risk Management Committee". The committee is led by the General Manager as the convener and chairman, serving as the highest guiding principle for our company's risk management. It integrates the operational departments related to risk management, identifies risk factors, and prioritizes high-risk issues for intervention, based on which improvement measures and opportunities are</p>	No difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
principle, and formulate relevant risk management policies or strategies?			<p>proposed to shape a risk management and control model with adaptive capabilities. Regular reports are submitted to the Board of Directors.</p> <p>The scope of our company's risk management includes the management of "strategic risk," "operational risk," "financial risk," "information security risk," and "climate change risk." The Risk Management Committee holds meetings at least twice a year, and prior to each meeting, the committee prepares a risk assessment checklist and receives project reports on risk control from the responsible units. The committee also evaluates potential risks and provides corresponding strategies. The Internal Audit Unit then consolidates the reports and presents them to the Independent Directors and the Board of Directors.</p> <p>In fiscal year 2022, each responsible unit of our company has reported the risk control situation of their respective responsibilities to the Risk Management Committee in accordance with the plan. On August 9, 2022, we reported the "Network Security Risk Management" report to the Board of Directors, and on November 2, 2022, we discussed and confirmed the identification of significant issues and disclosure indicators for sustainability in the semiconductor industry. Additionally, we have established the "Supervision of Subsidiaries Operation Procedure" and "Internal Control System Statement" to establish risk management mechanisms with related enterprises. For detailed information on our "Risk Management Policies and Procedures", please refer to our company website.</p>	
<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p> <p>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p>	V		<p>With the orientation of the international market and the sustainable goal of innovative research and development: the company is committed to the development of energy-saving products. The product direction is committed to: functional improvement, light weight, energy saving and carbon reduction, artificial intelligence, etc. for continuous innovation and improvement.</p> <p>The company has established appropriate environmental management according to the characteristics of its industry and is committed to reducing the impact on natural resources and reducing environmental pollution. Quantitative statistical disclosure of environmental information, long-term information records and disclosures include electricity usage,</p>	<p>No difference</p> <p>No difference</p>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		renewable energy, water resources and the use of various raw materials. Year by year, we review whether our planet-friendly measures have gradually achieved our stated goals.	No difference
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		In addition, we are also actively responding to climate change and adopting action plans to reduce natural resource consumption, including improving product energy efficiency, green supply chain management, raw material and waste management, product packaging reduction and recycling to improve energy use in combination with our own industries. efficiency. In assessing issues related to climate change, the Company has not only included it in the scope of risk management of the Company, but has also taken relevant specific measures.	No difference
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The company value labor rights and interests, abides by the labor laws and regulations, and refers to international human rights conventions, through company management norms and work rules publicity, and abides by the Act of Gender Equality in Employment, and formulates the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and provide channels for appeals , and grant maternity (pregnancy checkups) leave, paternity leaves, and parental leave in accordance with laws and regulations. The company complies with relevant labor laws and regulations and refers to the "Universal Declaration of Human Rights" stipulated by the United Nations, and formulates relevant management procedures. The relevant issues in practice include: 1). There are no operating point or suppliers that violate or seriously endanger freedom of association and collective bargaining. 2). There are no operating point and suppliers have the risk of child worker employment. 3). There are no operational point and suppliers with serious risk of forced or compulsory	No difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		labor incidents. 4). There has been no incident involving violation of the rights of indigenous peoples. 5). There is no human rights complaint. 6). No incident of discrimination. 7). There are no violations of regulations related to social categories, nor any amount of fines. 8). There is no significant actual or potential negative impact on human rights in the supply chain. (2) We adhere to the concept of profit sharing with employees, attracting, retaining, nurturing and motivating outstanding talents.	No difference
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The company's office environment takes protecting the safety of employees as the first consideration to ensure that employees can get the greatest protection at work.	No difference
(4) Has the Company established effective career development training programs for employees?	V		(4) The company attaches great importance to the career development of employees, and has established an effective career ability development training program for employees.	No difference
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety,	V		(5) The company's marketing and labeling of products and services comply with relevant laws and international standards. At the same time, the company formulates service management procedures, customer return/complaint management measures, and confidential information protection.	No difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</p> <p>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	V		<p>(6) The company promotes green environmental protection policies and concepts to the entire supply chain. All new product manufacturing suppliers must meet the company's relevant requirements before they can be listed as qualified suppliers. At the same time the company also requires suppliers to use recycled materials and reduce the use of consumables, both at the factory and in transit. As for the human rights issues, the company also requires suppliers to comply with the same human rights policy. The company follows relevant norms on issues such as occupational safety and health or labor rights.</p>	No difference
<p>5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</p>	V		<p>The Company in accordance with the GRI Guidelines: Core Options published by the Global Reporting Initiative (GRI). The direction of information disclosure reported in the company's corporate social responsibility report also respond to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the United Nations Global Compact, SDGs, ISO26000 Social Responsibility, and EICC Guidelines. The company's sustainability report has not been certified by a third-party verification agency.</p>	No difference

Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
6.			If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Board of Directors of the Company passed the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" in November 2014 as the guiding principle for long-term CSR promotion. The actual operation is no different from the established code. Detailed operation	
7.			Other important information to facilitate better understanding of the company's promotion of sustainable development : ESG implementation in 2022 (1) Work Report: (1-1) Social care - Love transmission plan. Benefit of the execution at Guanshan Elementary School in 2022: (i) Life education benefits: 4,967 students (students from grades 1-6). (ii) Green environmental actions: 2 events (involving students, parents, and the community). (1-2) AI Talent Cultivation Program (in collaboration with National Yang Ming Chiao Tung University): Ongoing. (1-3) The company has identified 16 significant sustainability issues for 2022, which will be disclosed in the 2022 Sustainability Report. These issues are categorized into three levels of significance: High Significance: Sustainable governance, business integrity, health and safety, customer satisfaction/reasonable profits, business performance, regulatory compliance, innovation research and service, supply chain management. Medium Significance: Talent development, responsible production and consumption, risk management, human rights and inclusion, climate action. Low Significance: Circular economy, energy/resource use, policy participation, and public investment. (2) The ESG work plan for 2023 will continue with the plan for 2022: (2-1) To comply with the "Taiwan Stock Exchange Corporate Governance Announcement No. 1110017532" issued on September 22, 2022, the sustainable disclosure indicators (including semiconductor industry, computer and peripheral equipment industry, optoelectronics industry, communication network industry, electronic component industry, electronic channel industry, and other electronic industries) will be disclosed.	

Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>(2-2) In accordance with the regulations, disclose sustainability indicators that have a significant impact on finance using SASB criteria.</p> <p>(2-3) The Social Care-Transmission of Love Plan will continue to collaborate with Guanshan Elementary School and the Taitung County Fu-You Humanitarian Association to promote children's moral and environmental education.</p>				

3.4.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1). Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The company has formulated the "Integrity Management Principle". The members of the company's board of directors and management all attach importance to ethical and honest business practices, adhere to the business philosophy of integrity, transparency and responsibility, and implement the integrity policy to create a sustainable business environment.	No difference
(2). Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The company has formulated the "Integrity Management Principle", and the management will publicize how to prevent dishonest behaviors in company meetings or education training from time to time, hoping to establish the unanimous belief of all employees and abide by relevant laws and regulations to implement integrity management.	No difference
(3). Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review	V		(3) The company's "Integrity Management Code" has specifically stipulated that the company's personnel shall not directly or indirectly provide, promise, request or accept any illegitimate benefits, or conduct other acts that violate integrity, law or fiduciary duties	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
and revise the plan?			in the process of engaging in business activities. .	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The company establishes business relationships with others, and first evaluates the legality, integrity management policies of agents, suppliers, customers or other business partners, and whether there has been a record of dishonest behavior to ensure that its business operations are fair, transparent and will not ask, offer or accept bribes.	No difference
(2). Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The company has set up personnel administration management office for promoting corporate integrity management. And report to the board of directors on the implementation of integrity management in 2022 on November 11, 2022.	No difference
(3). Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) When conflicts of interest occur, the employee may report directly to the head of the department or to the chairman of the board of directors.	No difference
(4). Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) The company has established an effective accounting system and internal control system, which are regularly reviewed and revised in accordance with changes in laws and practical needs, and are regularly reviewed by internal auditors to ensure that the design and implementation of the system continue to be effective and achieve corporate governance and risk management.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5). Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The company has formulated the "Integrity Management Principle and Behavior Guide", and the management will publicize how to prevent dishonest behavior in company meetings or education training from time to time, hoping to establish the unanimous belief of all employees, and abide by relevant laws and regulations to implement integrity operate. This year, on November 11, 2022, the company's managers and employees were educated and publicized on the Ethical Corporate Management Best Practice Principles for Companies. The course content included the provisions of the integrity management code, and the unit, reporting channels and method as well as the company's handling procedures of acceptance of cases of reporting illegal and immoral or dishonest behavior. The instructions and the course briefing are placed in the internal staff system for reference to those who did not attend on the day.	No difference
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V V		(1) If the employees of the company find violations of the relevant regulations on integrity management, they can report to the supervisor of the department or the chairman of the board of directors, The violation situation will be jointly reviewed by the responsible units. The verification will be punished according to the company's personnel regulations. (2)When the company discovers or receives a report of dishonest behavior by its employees that is confirmed to violate relevant laws or the company's policies and regulations, the company shall immediately request the person involved to stop the related behavior and take appropriate measures. When necessary, the company may seek damages through legal procedures to maintain the company's reputation and rights. The personal information of the whistleblower will be kept	No difference No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Has the company adopted proper measures to protect whistle blowers from retaliation for filing complaints?	V		confidential and appropriate protective measures will be taken in accordance with the law to protect personal information and privacy. Please refer to the attached table on page 56 for the relevant data on the reports received and investigations conducted from 2022 to 2020. (3) The company is responsible for the confidentiality and protection of the whistleblower, and will not be improperly dealt with due to the whistleblower.	No difference
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The company has uploaded the integrity management operating procedures approved by the board of directors to the company's website and MOPS to disclose information related to integrity management.	No difference
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: There have been no differences.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): Please refer to the company’s website or Market Observation Post System (“MOPS”) for the company’s Ethical Corporate Management Best Practice Principles.				

3.4.7 Corporate Governance Guidelines and Regulations

Please refer to the Company’s website at <http://www.davicom.com.tw> or Market Observation Post System (“MOPS”) at (<http://mops.twse.com.tw>) .

3.4.8 Other Important Information Regarding Corporate Governance:

Please refer to the Company’ s website at <http://www.davicom.com.tw> or MarketObservation Post System (“MOPS”) at (<http://mops.twse.com.tw>) .

Implementation status of ethical corporate management in 2022

(1). During the 3rd board meeting of the 10th term held on November 11th, 2022, the company reported to the directors the implementation status of its integrity management in the fiscal year 2022. A total of 125 participants, with a total of 118 person-hours.

Management goals	Measures	Performance
External Transaction Constraint by Special Provisions	When entering into contracts with their clients, agents, and suppliers, the companies shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the companies may at any time terminate or rescind the contracts.	Achieved
Internal of the company Training、Promoting、Whistleblower	Regularly conduct training and promotion on ethical corporate management to directors, managers, and employees. If you find any suspected violation of ethical corporate management, you must immediately report it to the management department esther_lin@davicom.com.tw.	Achieved
Precautions Internal Control, Internal Audit	For business activities with high risk of dishonest behavior, the company has established an effective accounting system and internal control system, and regularly reports to the board of directors through the internal audit system to review and implement the effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.	Achieved

The relevant data of reports received and investigations conducted from 2020 to 2022 are as follows:

	2022	2021	2020
Employee Major Complaints / Whistleblowing (Uncategorized)	0	0	0
Sexual harassment	0	0	0
Complaints of unlawful infringement	0	0	0
Confidential information protection control procedures.	0	0	0
Investigated cases that were substantiated.	0	0	0

(2). Continuing Education/Training of Managers in 2022

Title & Name	Date	Host by	Training/ Speech Title	Duration
Finance Manager – Kuei-Feng Chiu	2022/09/22- 2022/09/23	Accounting Research and Development Foundation	Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges Education Course	12
Proxy of Finance Manager – Feng-Yu Liu	2022/09/22- 2022/09/23	Accounting Research and Development Foundation	Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges Education Course	12
Internal Auditor - Ching-Huan Hsiao	2022/03/18	The Institute of Internal Auditors-Chinese Taiwan	Board of Directors and Functional Committee (Audit, Compensation) Regulatory Analysis and Audit Point	6
	2022/09/27	The Institute of Internal Auditors-Chinese Taiwan	Unraveling Financial Statement Analysis to Detect Corporate Fraud and Scams	6
Proxy of Internal Auditor - Feng-Ching Yeh	2022/03/18	The Institute of Internal Auditors-Chinese Taiwan	Board of Directors and Functional Committee (Audit, Compensation) Regulatory Analysis and Audit Point	6
	2022/09/27	The Institute of Internal Auditors-Chinese Taiwan	Unraveling Financial Statement Analysis to Detect Corporate Fraud and Scams	6
Manager of Corporate Governance - Chun-Chun Yang	2022/05/20	Securities & Futures Institute	2022 Insider Trading Prevention Seminar.	3
	2022/10/05	Securities & Futures Institute	2022 Advocacy of legal compliance for insider equity transactions	3
	2022/10/19	Taiwan corporate governance association	The 18th Corporate Governance Summit (2022) - Enhancing Director Capabilities and Implementing Sustainable Corporate Governance.	6

3.4.9 Status of the Internal Control System Implementation

(1). Declaration of Internal Control

DAVICOM Semiconductor, Inc.

Statement of Declaration of Internal Control

Date: March 7th, 2023

DAVICOM Semiconductor, Inc. has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31st, 2022, and hereby declares the following:

1. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board and that the managers and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.
2. Internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls systems. The internal control systems of the Company feature certain self-monitoring mechanisms. The company will take immediate corrective actions once any shortcomings are identified.
3. The Company judges the effectiveness of the internal control systems in design and enforcement according to the “Criteria for the Establishment of Internal Control Systems of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Criteria with which the procedures for effective internal controls are composed: (1) Control environment, (2) Risk evaluation, (3) Control operation, (4) Information and communication, and (5) Monitoring. Each of the elements in turn contains certain audit items, and the Criteria shall be referred to for details.
4. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.
5. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
6. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, 32, 171, and 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on March 7th, 2023 with all Directors in session under unanimous consent.

DAVICOM Semiconductor, Inc.

Chairman: Ting Hao

President: Nien-Tai Chen

- (2). Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System : None.

3.4.10 Reprimands on the Company and its Staff

Reprimand on the Company and its Staff in Violation of Laws, or Reprimand on its Employees in Violation of Internal Control System and Other Internal Regulations, Major Shortcomings and Status of Correction : None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

- (1). Key solutions from the 2022 shareholders meeting

Meeting Resolutions	
1.	Approved the 2021 Business Report and Financial Statements
2.	Approved the proposal for distribution of 2021 earnings. <i>Implementation</i> : The ex-dividend date was set on August 2, 2022, and the distribution was completed on August 17, 2022.
3.	Approved the proposal for cash distribution of 2021 additional paid in capital <i>Implementation</i> : The ex-dividend date was set on August 2, 2022, and the distribution was completed on August 17, 2022.
4.	Approved the proposal of partial revision of the Company's Articles of Incorporation. <i>Implementation</i> : It was announced on the company's website, and it was handled in accordance with the revised rules.
5.	Approved the proposal of partial revision of the company's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsement /Guarantees". <i>Implementation</i> : It was announced on the company's website, and it was handled in accordance with the revised rules.
6.	Approved the proposal of the election of 4 directors and 3 independent directors for the 10th term of the Board of Directors. <i>Implementation</i> : The registration and announcement have been completed and can be found on our company's website.
7.	Approved the proposal of the release of the non-competition restrictions on the newly elected directors and independent directors. <i>Implementation</i> : It was completed during the shareholders' meeting.

- (2). Key resolution from Board meeting

Date	Meeting Resolutions
03/07/2023	<p><i>Report Items</i> :</p> <ol style="list-style-type: none"> The resolutions and implementation of the last board of directors (January 16,2023) To report the progress of the greenhouse gas inventory and verification operation of the company. To report the Company Operating. <p><i>Discussion Items</i> :</p> <ol style="list-style-type: none"> Approved the 2022 Board of Director compensation and employee compensation distribution Approved the 2022 Financial Statements Approved the proposal for distribution of 2022 earnings. Approved the proposal for cash distribution of 2022 additional paid capital Approved the 2022 management's reports on internal control Approved the 2023 business plan and budget proposal Approved the date, location and agenda for convening the 2023 shareholder's meeting

01/16/2023	<p>Report Items :</p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (November 11 2022) 2.To report the company’s 2023 ESG execution plan 3.To report the fourth quarter 2022 internal control and audit status 4.To report 2022 Corporate Governance status <p>Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the proposal for performance evaluation of the board of directors for the fiscal year 2022. 2. Approved the proposal of 2022 managers’ year-end bonus 3. Approved the 2023 CPA assessment of Independence and performance of competence 4. Approved the proposal of non-audit services provided by the certified public accountant, its firm, and its affiliate firms to our company and subsidiaries. 5. Approved the 2023 CPA selection and appointment 6. Approved amendments to partial provisions of Articles of Regulations Governing Procedure for Board of Directors Meetings.
11/11/2022	<p>Report Items :</p> <ol style="list-style-type: none"> 1.The resolutions and implementation of the last board of directors (August 09 2022). 2.To report the company’s 2022 ESG execution result 3.To report the progress of the greenhouse gas inventory and verification operation of the company. 4. To report the third quarter 2022 internal control and audit status 5.To report the implementation of 2022 Ethical Corporate Management 6. To report the execution state of 2022 company’s prevention of insider trading promotion for directors and employee 7. Overseas subsidiary TSCC intends to apply for voluntary deregistration of the company. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the third quarter 2022 consolidated financial statement 2. Approved the 2023 internal audit plan 3. Approved the proposal of the newly appointed President-Mr.Nien-Tai Chen and 2 newly promoted Assistant Vice Presidents. 4. Approved the revision proposal of "Nomination Committee Organization Regulations" for the company. 5. Approved the revision proposal of "Internal Procedures for Handling Significant Information" of the company.
08/09/2022	<p>Report Items :</p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (June 29, 2022) 2. To report the progress of the greenhouse gas inventory and verification operation of the company. 3. To report the second quarter 2022 internal control, audit and Cybersecurity Management Risk state 4. Approved the resolution date of share dividend of 2021 profit and Capital Surplus is on August 2nd 2022. The cash dividend date is on August 17th, 2022. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the proposal of 2021 internal employee compensation distribution 2. Approved the second quarter 2022 consolidated financial statement

06/29/2022	<p><i>Report Items :</i></p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (May 10,2022). 2. To report the schedule planning of the greenhouse gas inventory and verification for our company. 3. To report the plan of the treasury shares repurchased by the Company in 2020 and distribute to employees in batches in the second half of this year. <p><i>Election Items :</i></p> <ol style="list-style-type: none"> 1. Approved the election proposal of the new Chairman of the Board of Directors of the Company. 2. Approved the appointment of new members of the Company's 5th Audit Committee. 3. Approved the appointment of new members of the Company's 5th Compensation Committee. 4. Approved the appointment of new members of the Company's 3rd Nominating Committee. 5.Approved the appointment of new members of the Company's 3rd ESG Committee.
05/10/2022	<p><i>Report Items :</i></p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (April 11, 2022). 2. To report 2022 renew of liability insurance of directors and managers <p><i>Acknowledgments and Discussion Items :</i></p> <ol style="list-style-type: none"> 1. Approved the 2022 internal managers' Dragon Boat Festival year end bonus distribution 2. Approved the first quarter 2022 consolidated financial statement 3. Approved the revision of the company's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsement /Guarantees". 4. Approved the date, location and agenda for convening the 2022 shareholder's meeting
04/11/2022	<p><i>Report Items :</i></p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (February 24, 2022). 2.To report the first quarter 2022 internal control and audit status 3. The company's senior vice president Wen Chen retire on 2022/3/31 <p><i>Acknowledgments and Discussion Items :</i></p> <ol style="list-style-type: none"> 1. Approved the proposal of "Employee stock ownership trust". 2. Approved the proposal for distribution of 2021 earnings. 3. Approved the proposal for cash distribution of 2021 additional paid in capital 4. Approved the amendments to partial provisions of Articles of Incorporation 5. The tenure of the ninth term of directors and independent directors of the company will expire, and a comprehensive re-election proposal is proposed. 6. Approved the qualification review of the nominees for the 10th Board of Directors (Independent Directors) election, as nominated by the company. 7. Approved the proposal of the release of the non-competition restrictions on the 10th new elected directors and independent directors.

02/24/2022	<p><i>Report Items :</i></p> <ol style="list-style-type: none"> 1. To report the resolutions and implementation of the last board of directors (January 26 2022). <p><i>Acknowledgments and Discussion Items :</i></p> <ol style="list-style-type: none"> 1. Approved the 2021 Board of Director compensation and employee compensation distribution 2. Approved the 2021 Financial Statements 3. Approved the 2021 Statement of Declaration of Internal Control 4. Approved the 2022 operation budget 5. Approved the amendments to partial provisions of Articles of Incorporation 6. Approved the proposal of Mr. Ting Hao concurrently working as the CEO and General Manager of the company
01/26/2022	<p><i>Report Items :</i></p> <ol style="list-style-type: none"> 1. To report the resolutions and implementation of the last board of directors (November 09,2021). 2. To report the company's 2021 ESG execution state 3. To report the fourth quarter 2021 internal control and audit status 4. To report 2021 Corporate Governance status <p><i>Acknowledgments and Discussion Items :</i></p> <ol style="list-style-type: none"> 1. Approved the proposal of 2021 Board of Directors assessment of performance 2. Approved the proposal of 2022 manager promotion 3. Approved the 2021 manager year-end bonus 4. Approved the cancellation of the treasury stocks repurchased by the company in 2018. 5. Approved the 2022 CPA assessment of Independence and performance of competence

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Independent Director Dissenting to Important Resolutions Passed by the Board of Directors : None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D : None

3.5 Information on the professional fees of the attesting CPAs

- (1). The company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services.
- (2). The professional fees for auditing services in the preceding item means the professional fees paid by the company to certified public accountants for auditing, review, and secondary reviews of financial reports and for financial forecast reviews.

Information on CPA (External Auditor) Professional Fees Unit: NT\$ Thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers (PWC)	Se-Kai Lin	Jan. 01, 2022 ~ Dec. 31, 2022	2,130	420	2,550	
	Chia-Hung Lin					

3.6 Replacement of CPA : None

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant. : None

3.8 Net Changes in Shareholding

- (1). Net change in shareholding and net change in shares pledged by directors, supervisors, management and shareholders with 10% shareholding or more.

Unit: Shares

Title	Name	2022		As of Mar 31, 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Ting Hao	275,000	0	0	0
Juridical Person Director	Goodyears Investments Ltd.	0	0	0	0
Representative of Juridical Person Director	Wen-Chen Lin	0	0	0	0
Juridical Person Director	Tzay Hua Ltd.	0	0	0	0
Representative of Juridical Person Director	Cheng-Feng Chiu	15,000	0	0	0
Director	Yun-Ping Lin	0	0	0	0
Independent Director	Chang-Yue Ueng	0	0	0	0
Independent Director	Jen-Jyh Hwang	0	0	0	0
Independent Director	Niang-Shou Wei	0	0	0	0
President	Nien-Tai Chen	0	0	0	0
CFO	Chun-Chun Yang	20,000	0	0	0
CTO	Cheng-Fang Chiu	15,000	0	0	0
Vice President	Hsin-Min Yu	20,000	0	0	0

- (2). Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, and ten-percent shareholders, and the number of shares transferred or pledged:

None

3.9 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

2023/04/02

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Goodyears Investments Ltd.	3,982,475	4.79%	-	-	-	-	Tzay Hua Ltd.	Chairman as same person	-
Ting Hao	2,119,000	2.55%	-	-	-	-	-	-	-
Tzay Hua Ltd.	1,480,652	1.78%	-	-	-	-	Goodyears Investments Ltd.	Chairman as same person	-
Mr.Hsieh	940,000	1.13%	-	-	-	-	-	-	-
Mr.Lin	900,000	1.08%	-	-	-	-	-	-	-
Mr.Liou	635,000	0.76%	-	-	-	-	-	-	-
Mr.Cheng	606,000	0.73%	-	-	-	-	-	-	-
DAVICOM Semiconductor, Inc. retirement/purchase account	512,000	0.62%	-	-	-	-	-	-	-
Taipei Fubon Commercial Bank Co., Ltd.Trust Account	506,000	0.61%	-	-	-	-	-	-	-
Mr.Chiu	433,101	0.52%	-	-	-	-	-	-	-

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

Total Ownership of Shares in Investee Enterprises

As of Mar. 31, 2023 / Unit: shares

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
TSCC Inc.	4,400,000	100.00	-	-	4,400,000	100.00
Davicom Investment Inc.	21,200,000	100.00	-	-	21,200,000	100.00
Medicom Corp.	5,000,000	100.00	-	-	5,000,000	100.00
Aidialink Corp.	8,000,000	100.00	-	-	8,000,000	100.00

Note: Long-term investment calculated according to the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

(1). Issued Shares

Unit: thousands shares/ NT\$ thousands

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Approval Document No.
08/1996	10	15,000	150,000	13,000	130,000	Share capital when established	None	Yuan-Shang-Tze No. 18363
02/1997	10	30,000	300,000	19,000	190,000	Cash Replenishment 60,000	None	Yuan-Shang-Tze No. 05937
09/1997	10	30,000	300,000	24,000	240,000	Cash Replenishment 50,000	None	Yuan-Shang-Tze No. 20851
04/1999	12.5	60,000	600,000	40,000	400,000	Cash Replenishment 160,000	None	Yuan-Shang-Tze No. 12659
06/2000	10	60,000	600,000	50,950	509,500	Replenishment of Earnings 109,500	None	Taiwan-Finance-Securities (I) No. 48804
07/2001	10	60,000	600,000	53,138	531,380	Replenishment of Earnings 21,880	None	Taiwan-Finance-Securities (I) No. 144747
08/2002	10	80,000	800,000	53,138	531,380	-	-	Yuan-Shang-Tze No. 19317
02/2004	15	80,000	800,000	64,000	640,000	Cash Replenishment 108,620	None	Yuan-Shang-Tze No. 13143
12/2006	9.6	80,000	800,000	64,585	645,850	Exercise of Employee Stock Options 5,850	None	Yuan-Shang-Tze No. 0950027059
04/2007	9.6	80,000	800,000	69,016	690,158	Exercise of Employee Stock Options 44,308	None	Yuan-Shang-Tze No. 0950027230
06/2007	10	80,000	800,000	70,070	700,700	Replenishment of Earnings 10,542	None	Yuan-Shang-Tze No. 0960015699
08/2007	56	90,000	900,000	79,413	794,130	Cash Replenishment 93,430	None	Yuan-Shang-Tze No. 60022848
12/2007	8.7	90,000	900,000	79,462	794,623	Exercise of Employee Stock Options 493	None	Yuan-Shang-Tze No. 970000349
01/2008	8.7	90,000	900,000	79,510	795,104	Exercise of Employee Stock Options 483	None	Yuan-Shang-Tze No. 970018560
08/2008	10	90,000	900,000	81,750	817,504	Replenishment of Earnings and Additional Paid In Capital 22,400	None	Yuan-Shang-Tze No. 970021404
10/2008	7.1 and 7.8	120,000	1,200,000	82,128	821,284	Exercise of Employee Stock Options 3,780	None	Yuan-Shang-Tze No. 970029806
12/2008	10	120,000	1,200,000	81,268	812,684	Cancellation of Treasury Stocks 8,600	None	Yuan-Shang-Tze No. 970037867
01/2009	7.1 and 7.8	120,000	1,200,000	81,337	813,374	Exercise of Employee Stock Options 690	None	Yuan-Shang-Tze No. 980000699
01/2009	10	120,000	1,200,000	79,337	793,374	Cancellation of Treasury Stocks 20,000	None	Yuan-Shang-Tze No. 980001875
04/2009	7.1 and 7.8	120,000	1,200,000	80,507	805,071	Exercise of Employee Stock Options 11,697	None	Yuan-Shang-Tze No. 980010044

07/2009	7.8	120,000	1,200,000	80,839	808,391	Exercise of Employee Stock Options 3,320	None	Yuan-Shang-Tze No. 980018733
12/2009	6.6 and 7.3	120,000	1,200,000	81,163	811,631	Exercise of Employee Stock Options 3,240	None	Yuan-Shang-Tze No. 980034868
03/2010	6.6 and 7.3	120,000	1,200,000	81,947	819,471	Exercise of Employee Stock Options 7,840	None	Yuan-Shang-Tze No. 990007831
07/2010	7.3 and 33.6	120,000	1,200,000	82,039	820,386	Exercise of Employee Stock Options 915	None	Yuan-Shang-Tze No. 990019884
09/2010	10	120,000	1,200,000	83,660	836,601	Replenishment of Additional Paid In Capital 16,215	None	Yuan-Shang-Tze No. 990027547
12/2010	6.0 and 32.1	120,000	1,200,000	84,085	840,851	Exercise of Employee Stock Options 4,250	None	Yuan-Shang-Tze No. 99036978
03/2011	10	120,000	1,200,000	82,587	825,871	Cancellation of Treasury Stocks 14,980	None	Yuan-Shang-Tze No. 1000006339
05/2011	6	120,000	1,200,000	83,323	833,236	Exercise of Employee Stock Options 7,365	None	Yuan-Shang-Tze No. 1000013183
09/2011	6	120,000	1,200,000	83,432	834,321	Exercise of Employee Stock Options 1,085	None	Yuan-Shang-Tze No. 1000026173
10/2011	10	120,000	1,200,000	85,099	850,986	Replenishment of Earnings and Additional Paid In Capital 16,665	None	Yuan-Shang-Tze No. 1000032771
03/2012	4.8	120,000	1,200,000	85,227	852,271	Exercise of Employee Stock Options 1,285	None	Yuan-Shang-Tze No. 1010008507
07/2012	4.8	120,000	1,200,000	85,259	852,591	Exercise of Employee Stock Options 320	None	Yuan-Shang-Tze No. 1010020767
12/2012	4.2	120,000	1,200,000	85,289	852,891	Exercise of Employee Stock Options 300	None	Yuan-Shang-Tze No. 1010039626
08/2014	25.9 and 24.8	120,000	1,200,000	85,452	854,521	Exercise of Employee Stock Options 163	None	Zhu- Shang -Tze No. 1030023720
11/2014	10	120,000	1,200,000	83,215	832,151	Cancellation of Treasury Stocks 2,237	None	Zhu- Shang -Tze No. 1030034128
03/2015	24.8	120,000	1,200,000	83,255	832,551	Exercise of Employee Stock Options 40	None	Zhu- Shang -Tze No. 104007422
10/2017	10.0	120,000	1,200,000	84,655	846,551	Issue of Restricted Stock Awards 14,000	None	Zhu- Shang -Tze No. 1060027458
08/2020	10.0	120,000	1,200,000	84,632	846,321	Cancellation of Restricted stock award 23	None	Zhu- Shang -Tze No. 1090024339
02/2022	10.0	120,000	1,200,000	83,117	831,171	Cancellation of Treasury Stocks 1,515	None	Zhu- Shang -Tze No. 1110004451
07/2022	10.0	135,000	1,350,000	83,117	831,171	-	None	Zhu- Shang -Tze No. 1110021098

(2). Type of Stock

As of April 02, 2023 /Unit: Share

Share Type	Authorized Capital				Remarks
	Outstanding Stocks	Treasury Stocks	Un-issued Stocks	Total Stocks	
Common Stocks in registered form	82,605,089	512,000	51,882,911	135,000,000	-

(3). Information Relating to the Shelf Registration : None

4.1.2 Composition of Shareholders

As of April 02, 2023

Item	Government Agencies	Financial Institutions	Mainland Chinese investors	Other legal entities	Foreign Institutions and Persons	Individuals	Total
No. of Shareholders	0	0	1	150	46	33,248	33,445
No. of shares held	0	0	1	6,746,440	1,476,334	74,894,314	83,117,089
Shareholding ratio	0.00%	0.00%	0.00%	8.12%	1.78%	90.10%	100.00%

Note1 : Primary TWSE and TPEX listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

Note 2: The Composition of Shareholders includes the Company's treasury Stocks: 512,000 shares.

4.1.3 Distribution of Shareholding

As of April 02, 2023

Common Share Shareholder Ownership	Number of Shareholders	Number of Shares Held	Percentage
1 ~ 999	18,273	386,491	0.47%
1,000 ~ 5,000	12,594	24,595,260	29.59%
5,001 ~ 10,000	1,552	12,402,418	14.92%
10,001 ~ 15,000	372	4,677,475	5.63%
15,001 ~ 20,000	235	4,441,707	5.34%
20,001 ~ 30,000	161	4,186,576	5.04%
30,001 ~ 40,000	69	2,493,123	3.00%
40,001 ~ 50,000	44	2,068,966	2.49%
50,001 ~ 100,000	83	5,783,023	6.96%
100,001 ~ 200,000	31	4,482,002	5.39%
200,001 ~ 400,000	21	5,485,820	6.60%
400,001 ~ 600,000	3	1,451,101	1.75%
600,001 ~ 800,000	2	1,241,000	1.49%
800,001 ~ 1,000,000	2	1,840,000	2.21%
1,000,001 and above	3	7,582,127	9.12%
Total	33,445	83,117,089	100.00%

Note : The Company has not issued preferred shares The Status of Distribution of Shareholding includes the Company's treasury Stocks: 512,000 shares.

4.1.4 List of Major Shareholders

Unit: Share

Shareholder's Name	Shareholding	
	Shares	Percentage
Goodyears Investments Ltd.	3,982,475	4.79%
Ting Hao	2,119,000	2.55%
Tzay Hua Ltd.	1,480,652	1.78%
Mr. Hsieh	940,000	1.13%
Mr. Lin	900,000	1.08%
Mr. Liu	635,000	0.76%
Mr. Cheng	606,000	0.73%
DAVICOM Semiconductor, Inc. retirement/purchase account	512,000	0.62%
Taipei Fubon Commercial Bank Co., Ltd. Trust Account	506,000	0.61%
Mr. Chiu	433,101	0.52%

Note : The calculation of Major Shareholders' shareholding status includes the Company's treasury Stocks: 512,000 shares.

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items	2021 (Distributed In 2022)	2022 (Distributed In 2023)	As of the year ended March 31, 2023.
Market Price per Share			
Highest Market Price	50.00	46.9	36.65
Lowest Market Price	22.00	22.45	23.40
Average Market Price	33.52	29.36	30.37
Net worth per share¹			
Before Distribution	12.79	12.89	NA
After Distribution	11.79	Note 9	NA
Earnings per Share			
Weighted Average Shares (thousand shares)	81,717	82,165	NA
Diluted Earnings Per Share	0.85	0.84	NA
Adjusted Diluted Earnings Per Share	0.85	Note 9	NA
Dividends per Share			
Cash Dividends	0.487	Note 9	NA
Stock Dividends			
Dividends from Retained Earnings	0	Note 9	NA
Dividends from Capital Surplus	0.513	Note 9	NA
Accumulated Undistributed Dividends	0	Note 9	NA
Return on Investment			
Price / Earnings Ratio	39.44	34.95	NA
Price / Dividend Ratio	33.52	Note 9	NA
Cash Dividend Yield Rate	2.98	Note 9	NA

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: The Board has approved the proposal for earnings distribution of Directors on Mar. 07, 2023. But, it hasn't been approved by the Annual Shareholders' Meeting so the figures are unavailable to be presented.

4.1.6 Dividend Policy and Implementation Status

(1). Dividend Policy under the Articles of Incorporation

The Company's earnings may be distributed in the form of cash dividends or stock dividends. The company may distribute all the distributable earnings of the current year based on the consideration of financial, business and operational factors, among which the distribution of dividends to shareholders can be made in cash or shares. The proportion of cash dividends distributed to shareholders shall not be less than 30% of the total dividends to shareholders. The objects of employee distribution of stock dividends include employees of subordinate companies who meet certain conditions, and the certain conditions are determined by the board of directors.

(2). The company's dividend policy is determined by the board of directors based on the company's operating conditions, capital needs, capital expenditure budget, changes in the overall internal and external environment, and taking into account the interests of shareholders. Unless other special circumstances are considered, the distribution principle should not exceed 80% to 90% of the after-tax surplus of the current year. The dividend distribution has been resolved by the board of directors that cash dividends account for 90% of the distributable earnings.

(3). Proposal to Distribute 2022 Profits (Approved by the Board and subject to Shareholders' approval)

A total of NT\$62,201,632(NT\$0.753 per share) out of 2022 distributable profits will be distributed as cash dividends which is 99.94% of distributable profits. In addition, the Company plans to distribute NTD 20,403,457 from the capital surplus to all shareholders in cash, with an expected cash dividend of NTD 0.247 per share. The total cash dividend to be distributed per share is NTD 1.

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

4.1.8 Compensation of employees and directors

(1). The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation:

According to Section 28 in the Article of Incorporation, the company shall pay taxes, cover accumulated deficits and set 10% of its net earnings apart as earned surplus. It is proposed that the board of directors has the authorization to adjust retained earnings distribution and submit it to shareholders meeting for approval.

To encourage all the employees and management team, a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

Employee compensation can be distributed in the form of stocks or cash, and must be approved by a resolution passed by two-thirds or more of the directors in attendance and a majority of the attending directors. This decision should

also be reported to the shareholders' meeting. Director compensation, on the other hand, must be paid in cash.

Employees eligible for stock or cash compensation include employees of subsidiaries who meet certain conditions, which shall be determined by the board of directors.

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

The Company's assessment of employees' compensation and directors' remuneration is based on the amount of experience in the past. In 2022, it is estimated 8.50% of pre-tax profit for employees' compensation and 2% of pre-tax profit for director's remuneration. If there is a difference between the actual distribution amount and the estimation, it shall be adjusted according to the accounting estimates and adjusted in the resolution of the shareholders' meeting resolution.

- (3). Information on any approval by the board of directors of distribution of compensation:
 - a. The amount of any employee compensation distributed in cash or stocks and compensation for directors. 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: Directors' remuneration is NT\$1,931,984 (2.00% of pre-tax profit) and the profit for total employees is NT\$ 8,226,943 (8.50% of pre-tax profit); both shall be paid in cash. The amounts are as same as those recognized in the 2022 financial statement.
 - b. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: The Company proposes that all employee remuneration will be paid in cash, so the amount of employee stock remuneration and the proportion of the current period's net profit after tax and total employee remuneration are both 0.
- (4). The actual distribution of employee and director compensation 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 and director compensation, additionally the discrepancy, cause, and how it is treated: The Directors' remuneration of 2021 was NT\$1,808,167 and total employees' compensation was NT\$7,684,712; both were paid in cash. Both amounts as same as resolved by the Board of Directors.

4.1.9 Share Repurchases by the Company (Repurchases Already Completed)

As of Mar. 31, 2023

Repurchase no.	The first time,2020
Purpose of repurchase	To transfer to employees
Repurchase period	2020/03/02- 2020/05/01
Repurchase price range	16.5-25.0
Types and numbers of shares bought back	1,400,000 common shares
Amount of shares bought back (NT\$)	NT\$ 22,736 thaousands
The number of repurchased shares that have been cancelled or transferred	888,000 shares
Accumulated number of the Company's shares held by the Company	512,000 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0.62

4.2 Status of Corporate Bonds : None

4.3 Status of Preferred Stocks : None

4.4 Status of GDR : None

4.5 Status of Employee Stock Options Plan :

- (1). Unexpired employee subscription warrants issued by the company: None
- (2). The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report. The annual report shall also disclose the names of the ten employees holding employee subscription warrants authorizing purchase of the most shares and whose subscription amount exceeds NT\$30,000,000, along with the cumulative number of warrants exercised by these ten employees, as of the date of publication of the annual report: None.

4.6 Status of New Employees Restricted Stock Issuance :

- (1). Issuance of New Restricted Employee Shares: None
- (2). List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares: None

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters : None

4.8 Financing Plans and Implementation : None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1). Main Areas of Business Operations

a). Design, research, develop, produce, manufacture and market the following products:

Product line of communication network integrated circuit	<ul style="list-style-type: none"> ① Modem Chipsets ② LAN Controller ③ ISDN Modem Chipsets ④ Cable Modem Chipsets ⑤ ATM Transceiver and Controller ⑥ Provide the above-mentioned products with technological consultation services.
Product line of video images integrated circuit	<ul style="list-style-type: none"> ① Video Decoder ② Provide technological consultation services for the product.
Product line of electronic paper display (EPD) driver integrated circuit	<ul style="list-style-type: none"> ① EPD Segment Driver IC ② EPD Segment Controller IC ③ EPD Dot Matrix Driver Controller IC ④ Provide the above-mentioned products with technological consultation services.
Product line of microcontroller integrated circuit	<ul style="list-style-type: none"> ① MCU IC ② Provide technological consultation services for the product.

b). Import and export of the above-mentioned products

(2). Revenue Distribution

As of Dec. 31, 2022

Major Divisions	(%) of Total Sales
LAN	88%
Other	12%

(3). Products Currently Offered by DAVICOM

Product	Product Specifications
Industrial Ethernet 10/100/1000M PHY Copper /Fiber transceiver, Suitable for IoT/ IIoT / AIoT Embedded Applications	<ul style="list-style-type: none"> -Compliant with IEEE802.3, IEEE802.3u, IEEE802.3ab. Industry standard for 10/100/1000Mbps. -Support IEEE802.3az energy-saving standard.
USB2.0-Ethernet 10/100M controller, suitable for consumer or industrial embedded applications	<ul style="list-style-type: none"> -Capable of achieving high-speed transfer to USB2.0 480Mbps -Ultra-low power design with power-saving mode.
SPI-Ethernet 10/100M controller, suitable for industrial embedded microcontroller applications	<ul style="list-style-type: none"> -High-speed synchronous SPI -With High level ESD
Local Bus/PCI-Ethernet 10/100M controller, suitable for industrial embedded applications	<ul style="list-style-type: none"> -Local BUS or PCI

Multi-port Embedded 10/100M Ethernet Switch Controller, suitable for industrial embedded network communication applications	Design for integrated Multi-port 10M/100Mbps physical layer transceiver and Fast Ethernet Switch Controller Support QoS , VLAN, IGMP, STP/RSTP, MLD; and FEF/LFP
Video Decoder, suitable for security monitoring and identification or vehicle panoramic applications.	1 channel Video Decoder / 4 channel (mixer) Video Decoder
USB2.0 Full Speed to UART, suitable for consumer or industrial embedded applications	Support RS232,RS485 or RS422
Electronic paper display (EPD) Driver, suitable for low power display applications.	-Multi-segment Electronic paper display (EPD) Driver -Design for e-paper application spec.
Edge AI SoC, suitable for image sensing and recognition applications for AI.	-Equipped with a RISC-V core. -Integrated chip with CIS, NPU,MCU -It is capable of performing functions such as face detection and recognition, human, animal, and object detection, speech recognition, and artificial intelligence algorithms.
Physiological signal processing MCU, suitable for battery-powered physiological signal monitoring applications.	Embedded ROM/Flash, RAM, ADC, GPIO, UART/SPI/ISO7816, Low-Voltage Reset
Logistics AI Management System.	-Equipped with multiple types of sensors and actuators, including RFID. -Private cloud/public cloud/hybrid cloud network system architecture -Edge/Cloud AI Computing for Processing, Analysis and Decision Making. -It can be integrated with existing IT automation resource management systems.

(4). New Products under Development

Product	Product Specifications
Chips with advanced design and manufacturing processes.	Targeting low power and low carbon emission
Car networking chip.	Compliant with IEEE-based T1 specifications.
Communication Network Protocol Acceleration Chip	According to standard network protocols.
Artificial intelligence (AI) models and algorithms	

5.1.2 Industry Overview

- (1). Current Status and Future Development of the Industry
- (2). Relationship with Up-, Middle- and Downstream Companies
- (3). The various development trends and competitive situation of the products.
- (4). Please refer to page 48-50 of the Chinese version annual report.

5.1.3 Research and Development

- (1). Research and Development Expenses

Year	Expressed in thousands of NTD	
	R & D Expenses	%
01/01/2023-03/31/2023	17,636	26
01/01/2022-12/31/2022	74,524	24

(2). Please refer to page 50 of the Chinese version annual report

5.1.4 Long-term and Short-term Development Plans

(1). Short-term Development Plans

- a). Strengthen business management, reduce risk accounts, and actively develop the mainland market and the Asia-Pacific market.
- b). Expand the sales scale and promote the new products to increase margin.
- c). Focus on quality management and provide customized service.

(2). Long-term Development Plans

- a). Participate actively in cooperating with global corporations.
- b). Continue to work closely with the supply chain and develop cost-effective solutions to ensure that product prices are competitive and increase market share.
- c). Provide best services and build up close relationship with customer to sustain more business possibilities to ensure the company's stable growth of margin.

5.2 Market and Sales Overview

5.2.1 Market Analysis

(1). Sales (Service) Region

As of Dec. 31, 2022 / Unit: NT\$ thousand

Division \ Area	Export Sales		Domestic Sales
	China	Overseas	Taiwan
LAN	161,355	69,657	39,605
EPD	8,122	12,283	1,247
Video	6,564	557	849
WAN & Others	322	7,239	11,562
Total	176,362	77,465	53,263

(2). Market Share of Major Product Categories

In recent years, the company has been committed to the niche market of embedded system chip. With a wide range of technical support and quality assurance, the products have won customers' trust, and the company's performance and its profit also increase remarkably.

(3). Future market supply and demand situation and growth potential.

With low price, high bandwidth and user-friendly features, Ethernet has not only become the most widely used local area networking technology, but also been gradually evolving new capabilities to enter customer electronics field and become the most attractive Embedded System Networking Technology.

(4). Favorable and Unfavorable Factors in the Long Term

a). Favorable factors:

- have been in the embedded system network communications market for years
- own solid communication core technology
- strong strategic alliances and partners
- efficient and systematic logistic control of production

b). Unfavorable factors:

- Foreign competitors are aggressively expanding their market share in the

embedded system market with their powerful scale.
 -wireless based and SoC products will threaten the market of existing products

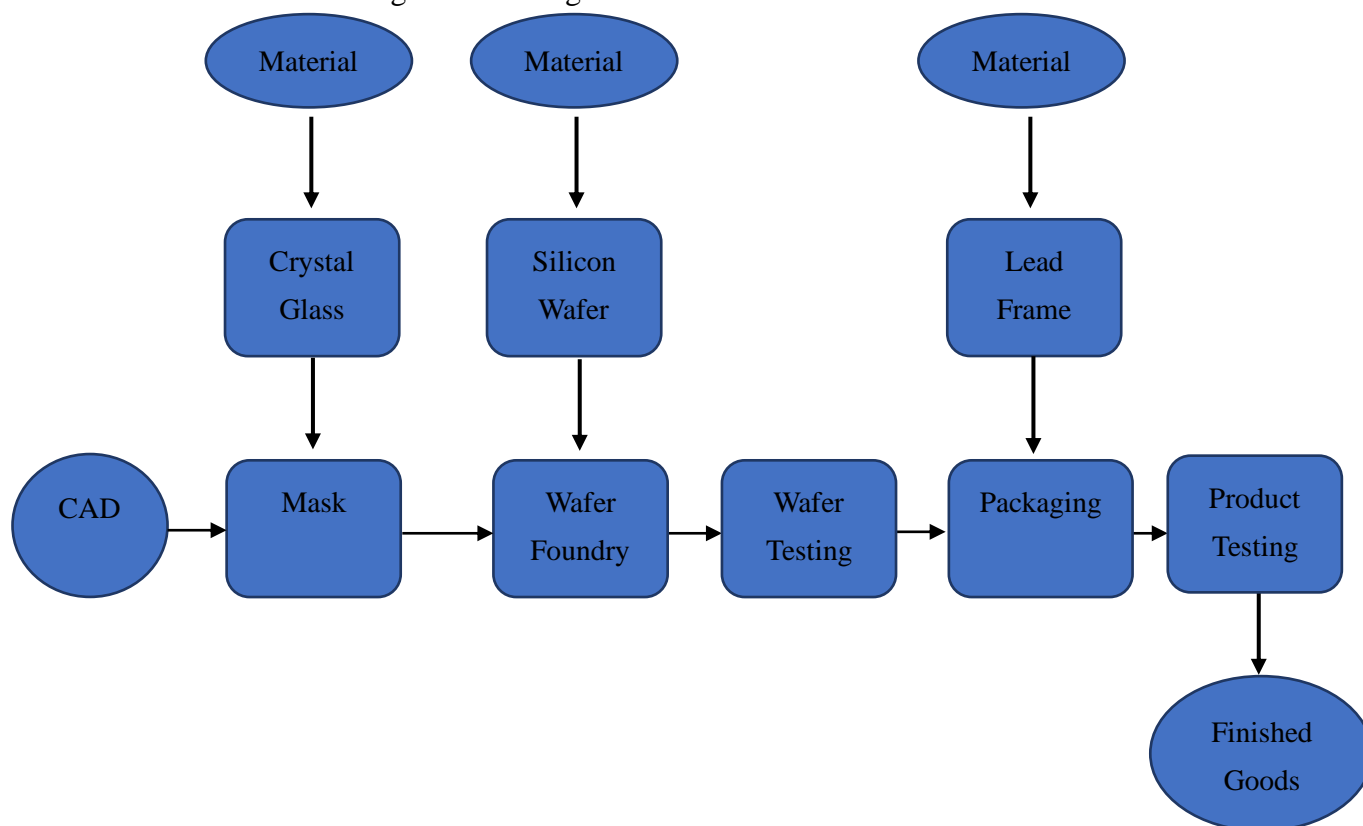
5.2.2 Main Uses and Production Procedures of Main Products

(1). Major Products and Their Main Uses

Major Products	Main Uses
Local Area Network Chipsets (LAN)	Computer communications application on the network card, hubs and switches, as local network resources to transfer and share.
Wide Area Network Chipsets (WAN)	Computer communications on the application of the data machine, as a remote access for data and video transmission.
Video Decoder Chipsets	Closed-circuit television security monitoring system or DVR / NVR system applications, as the camera image signal decoding.
Electronic Paper Display (EPD)	Drive electronic paper, suitable for low-power applications and equipment, such as financial smart cards, electronic shelf labels, wearing equipment etc.
Microcontroller Unit (MCU)	Motor control, analogy digital signal, RFID, financial smart card, electronic shelf labels, wearable equipment etc.

(2). Production Processes

a) Production Process: Our company is an IC design company and all products are manufactured through outsourcing.



b) Design process: IC products originate from IC design, which is developed using tools such as CAD.

5.2.3 Supply Status of Main Materials

Major Raw Materials	Wafer
Source of Supply	United Microelectronics Corporation (UMC)
Supply Situation	Long-term partnership
Procurement Strategy of DAVICOM	Focus on quality and the market trend. Our long-term partner United Microelectronics Corporation (UMC) has been able to maintain good quality and process capability, satisfying DAVICOM's requirements. DAVICOM negotiates pricing with suppliers according to the market supply and demand conditions. It also reviews the production and service quality periodically with its suppliers. DAVICOM not only continues to strengthen its cooperation with existing manufacturing partners, but also actively surveys and contacts other potential suppliers to ensure secured supply, high quality, and low-cost procurement.

5.2.4 Major Suppliers and Clients

(1). Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	I	27,896	69.18	None	I	37,113	81.29	None
2	III	5,561	13.79	None	VIII	7,340	16.08	None
3	VII	4,615	11.45	None	IX	553	1.21	None
4	Others	2,252	5.58	None	Others	652	1.42	None
	Net Total Supplies	40,324	100.00		Net Total Supplies	45,658	100.00	

Note: Due to the vertical integration of the market, our main raw material wafers are purchased from UMC.

(2). Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	B	79,470	28.03	None	B	75,447	24.57	None
2	C	34,947	12.33	None	C	23,940	7.80	None
3	A	33,390	11.78	None	A	34,156	11.12	None
4	Others	135,663	47.86	None	Others	173,547	56.51	None
	Net Total Supplies	283,470	100.00		Net Total Supplies	307,090	100.00	

Note: The reason for variation is mainly due to the dispersion of part of the agency business.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands/ thousand pieces

Year Output Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
LAN	—	7,251	70,957	—	6,306	72,182
EPD	—	488	2,842	—	447	2,797
Others	—	475	10,421	—	11	267
Total	—	8,214	84,220	—	6,764	75,246

Note: DAVICOM outsourced manufacturing to wafer foundries, packaging houses and testing companies.
There's no production capacity limitation.

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands/ thousand pieces

Year Shipments and Sales Major Products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
LAN	860	42,062	6,089	206,141	970	39,605	5,176	231,012
EPD	580	3,850	106	1,360	98	1,247	389	8,134
Others	224	8,641	379	21,416	63	12,411	252	14,681
Total	1,663	54,553	6,575	228,917	1,131	53,263	5,817	253,827

5.3 Human Resources

Year		2021	2022	As of Mar. 31, 2022
Number of Employees	Engineering	52	53	52
	Administration	22	22	22
	Total	77	75	74
Average Age		51.1	52.6	52.8
Average Years of Service		14.2	15.7	15.9
Education	Doctoral	1	1	1
	Master	29	29	29
	Bachelor's Degree	41	43	43
	Senior High School	3	2	1

5.4 Environmental Protection Expenditure

The Group is a fables IC design company and engaged with no production activities. The production, packaging and testing are outsourced to qualified subcontractors. There were no environmental penalties in the past years.

5.5 Labor Relations

Please refer to page 54~56 of the Chinese version annual report.

5.6 Cyber security management

Please refer to page 56~58 of the Chinese version annual report.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease	Hsinchu Science Park Administration	Jan. 01, 2022~ Dec. 31, 2041	DAVICOM's Headquarters	According to the contract

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1.1 Five-Year Financial Summary – Individual Balance Sheet – IFRS

Unit: NT\$ thousands

Year Time		Financial Summary for The Last Five Years				
		Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Current assets		603,561	531,249	343,228	359,143	393,295
Property, Plant and Equipment		121,633	160,142	166,738	132,365	128,717
Intangible assets		152	84	91	1,267	1,004
Other assets		8,338	15,291	13,117	11,938	7,566
Total assets		1,206,834	1,229,378	1,159,844	1,172,793	1,191,838
Current liabilities	Before distribution	39,593	44,606	37,214	49,849	45,140
	After distribution	106,105	111,949	102,588	131,566	Note
Non-current liabilities		17,889	80,422	78,844	77,661	81,738
Total liabilities	Before distribution	57,482	125,028	116,058	127,510	126,878
	After distribution	123,994	192,371	181,432	209,227	Note
Equity attributable to shareholders of the parent		1,149,352	1,104,350	1,043,786	1,045,283	1,064,960
Share capital		846,551	846,551	846,321	846,321	831,171
Capital surplus		219,776	186,520	157,128	121,172	84,000
Retained earnings	Before distribution	108,378	116,884	111,296	151,352	170,903
	After distribution	75,122	78,640	81,878	111,556	Note
Other equity		(8,977)	(17,490)	(20,108)	(22,711)	(12,799)
Treasury shares		(16,376)	(28,115)	(50,851)	(50,851)	(8,315)
Total equity	Before distribution	1,149,352	1,104,350	1,043,786	1,045,283	1,064,960
	After distribution	1,082,840	1,037,007	978,412	963,566	Note

Note 1: Above financial data hasn't been approved by 2023 Annual Shareholders' Meeting.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: The above financial information has been verified, certified or reviewed by an accountant.

6.1.1.2 Five-Year Financial Summary – Consolidated Balance Sheet – IFRS

Year Item		Financial Summary for The Last Five Years				
		Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Current assets		917,316	823,753	742,956	752,823	798,855
Property, Plant and Equipment		122,860	160,982	166,738	132,365	128,717
Intangible assets		153	84	91	1,267	1,005
Other assets		8,338	15,292	13,117	11,992	7,566
Total assets		1,209,347	1,234,889	1,160,407	1,173,379	1,193,810
Current liabilities	Before distribution	40,972	48,998	37,777	50,435	47,070
	After distribution	107,004	116,341	103,151	132,152	Note
Non-current liabilities		17,942	80,423	78,844	77,661	81,780
Total liabilities	Before distribution	58,914	129,421	116,621	128,096	128,850
	After distribution	125,426	196,764	181,995	209,813	Note
Equity attributable to shareholders of the parent		1,149,352	1,104,350	1,043,786	1,045,283	1,064,960
Capital stock		846,551	846,551	846,321	846,321	831,171
Capital surplus		219,776	186,520	157,128	121,172	84,000
Retained earnings	Before distribution	108,378	116,884	111,296	151,352	170,903
	After distribution	75,122	78,640	81,878	111,556	Note
Other equity interest		(8,977)	(17,490)	(20,108)	(22,711)	(12,799)
Treasury stock		(16,376)	(28,115)	(50,851)	(50,851)	(8,315)
Non-controlling interest		1,081	1,118	—	—	—
Total equity	Before distribution	1,150,433	1,150,433	1,043,786	1,045,283	1,064,960
	After distribution	1,083,921	1,038,125	978,412	963,566	Note

Note 1: Above financial data hasn't been approved by 2023 Annual Shareholders' Meeting.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: The above financial information has been verified, certified or reviewed by an accountant.

6.1.2.1 Five-Year Financial Summary – Individual Statement of Comprehensive Income – IFRS

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	250,432	232,706	225,872	273,987	295,990
Gross profit	170,766	158,130	155,247	198,945	217,954
Income from operations	13,084	12,120	21,785	59,103	66,354
Non-operating income and expenses	29,352	33,072	15,792	21,812	20,274
Profit before Income Tax	42,436	45,192	37,577	80,915	86,628
Net income from operations of continued segments	37,635	41,396	33,453	69,662	69,031
Income (Loss) from Discontinued Operation	—	—	—	—	—
Net income	37,635	41,396	33,453	69,662	69,031
Other comprehensive income (income after tax)	39,405	28,266	28,838	66,871	80,748
Total comprehensive income	39,405	28,266	28,838	66,871	80,748
Net income attributable to shareholders of the parent	37,635	41,396	33,453	66,871	80,748
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent company	39,405	28,266	28,838	66,871	80,748
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	0.44	0.50	0.41	0.85	0.84

Note: Above financial data has been audited by CPA.

6.1.2.2 Five-Year Financial Summary – Consolidated Statement of Comprehensive Income – IFRS

Year Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	261,095	242,531	233,542	283,470	307,090
Gross profit	173,796	161,049	156,777	201,567	219,839
Income from operations	9,980	10,186	20,233	56,524	63,809
Non-operating income and expenses	32,871	35,089	17,327	24,391	22,819
Income before Income Tax	42,851	45,275	37,560	80,915	86,628
Net income from operations of continued segments	37,923	41,433	33,436	69,662	69,031
Income (Loss) from Discontinued Operation	—	—	—	—	—
Net income	37,923	41,433	33,436	69,662	69,031
Other comprehensive income (income after tax)	39,693	28,303	28,821	66,871	80,748
Total comprehensive income	39,693	28,303	28,821	66,871	80,748
Net income attributable to shareholders of the parent	37,923	41,396	33,453	69,662	69,031
Net income attributable to non-controlling interest	288	37	(17)	—	—
Comprehensive income attributable to Shareholders of the parent	39,405	28,266	28,838	66,871	80,748
Comprehensive income attributable to non-controlling interest	288	37	(17)	—	—
Earnings per share	0.44	0.50	0.41	0.85	0.84

Note: Above financial data has been audited by CPA.

6.1.3 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2022	PWC	Se-Kai Lin, Chia-Hung Lin	Unqualified Opinion
2021	PWC	Se-Kai Lin, Chia-Hung Lin	Unqualified Opinion
2020	PWC	Se-Kai Lin, Hsien-Cheng Chen	Unqualified Opinion
2019	PWC	Se-Kai Lin, Chun-Yuan Hsiao	Unqualified Opinion
2018	PWC	Se-Kai Lin, Chun-Yuan Hsiao	Unqualified Opinion

6.2 Five-Year Financial Analysis

6.2.1 Five-Year Individual Financial Analysis - IFRS

Year Item		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	4.76	10.17	10.01	10.87	10.65
	Ratio of long-term capital to property, plant and equipment	959.64	739.83	673.29	848.37	890.87
Solvency (%)	Current ratio	1,524.41	1,190.98	922.31	720.46	871.28
	Quick ratio	1,439.75	1,122.29	848.79	650.49	782.48
	Times interest earned (times)	1,369.90	71.07	60.08	133.00	133.66
Operating performance	Accounts receivable turnover (times)	5.28	5.73	7.13	8.42	10.56
	Average collection period	69.13	63.70	51.19	43.35	34.56
	Inventory turnover (times)	1.52	1.76	1.85	1.84	1.57
	Accounts payable turnover (times)	6.13	7.09	7.90	8.84	11.01
	Average days in sales	240.13	207.39	197.30	198.37	232.48
	Property, plant and equipment turnover (times)	2.03	1.65	1.38	1.83	2.27
	Total assets turnover (times)	0.20	0.19	0.19	0.23	0.25
Profitability	Return on total assets (%)	3.05	3.44	2.84	6.01	5.88
	Return on shareholders' equity (%)	3.20	3.67	3.11	6.67	6.54
	Pre-tax income to paid-in capital (%)	5.01	5.34	4.44	9.56	10.42
	Net profit margin (%)	15.03	17.79	14.81	25.43	23.32
	Earnings per share (NT\$)	0.44	0.50	0.41	0.85	0.84
Cash flow	Cash flow ratio (%)	134.22	161.48	111.70	164.57	242.99
	Cash flow adequacy ratio (%)	64.98	57.95	49.16	51.36	63.39
	Cash reinvestment ratio (%)	(2.17)	0.53	(2.66)	1.78	2.87
Leverage	Operating leverage	8.34	6.73	5.41	2.95	2.87
	Financial leverage	1.00	1.06	1.03	1.01	1.01

Analysis of financial ratio differences for the last two years.

(Not required if the difference does not exceed 20%)

The variation of Solvency (ratio) is attributed to the increase in revenue and effective control of accounts receivable.

The variation of Cash Reinvestment Ratio is mainly due to the increase in net cash inflow from operating activities.

*A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.

*A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: For companies that are listed or whose stocks are traded in securities firms, the financial data up to the end of the previous quarter before the date of printing of the annual report should be included in the analysis.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report: Please refer to the Glossary.

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

6.2.2. Five-Year Consolidated Financial Analysis - IFRS

Item \ Year		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	4.87	10.48	10.05	10.92	10.79
	Ratio of long-term capital to property, plant and equipment	950.10	735.97	673.29	848.37	890.90
Solvency (%)	Current ratio	2,238.89	1,681.20	1,966.69	1,492.66	1,697.16
	Quick ratio	2,151.99	1,613.08	1,888.44	1,414.76	1,599.65
	Times interest earned	1,383.29	71.19	60.06	133.00	133.66
Operating performance	Accounts receivable turnover (times)	5.48	6.30	7.18	8.45	10.41
	Average collection period	66.61	57.94	50.84	43.20	35.06
	Inventory turnover (times)	1.63	1.82	1.90	1.88	1.60
	Accounts payable turnover (times)	6.47	6.63	7.50	9.55	11.13
	Average days in sales	223.92	200.54	192.11	195.19	228.12
	Property, plant and equipment turnover (times)	2.09	1.71	1.43	1.90	2.35
	Total assets turnover (times)	0.21	0.20	0.20	0.24	0.26
Profitability	Return on total assets (%)	3.07	3.43	2.83	6.01	5.88
	Return on equity (%)	3.23	3.67	3.11	6.67	6.54
	Pre-tax income to paid-in capital (%)	5.06	5.35	4.44	9.56	10.42
	Profit ratio (%)	14.52	17.08	14.32	24.57	22.48
	Earnings per share (NT\$)	0.44	0.50	0.41	0.85	0.84
Cash flow	Cash flow ratio (%)	131.72	126.64	104.19	150.29	232.52
	Cash flow adequacy ratio (%)	77.29	67.00	58.05	58.66	74.40
	Cash reinvestment ratio (%)	(2.10)	(0.44)	(2.97)	1.14	2.92
Leverage	Operating leverage	14.13	12.86	6.23	2.71	2.60
	Financial leverage	1.00	1.07	1.03	1.01	1.01
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%) The variation of Cash Reinvestment Ratio is mainly due to the increase in net cash inflow from operating activities.						

*A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.

*A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: The aforementioned financial information has been audited or reviewed by a certified public accountant.

Note 2: For companies that are listed or whose stocks are traded in securities firms, the financial data up to the end of the previous quarter before the date of printing of the annual report should be included in the analysis.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report: Please refer to the Glossary.

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

6.3 Audit Committee's Review Report

DAVICOM Semiconductor Inc.

Audit Committee's Review Report

The Company's 2022 Financial Statements have been agreed by Audit Committee members of the Company and approved by the by the Board of Directors. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2022 Business Report and proposal for allocation of profits. The 2022 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

To Davicom Semiconductor Inc. 2023 Annual Shareholders' Meeting

Independent Director: Chang-Yue Ueng

Independent Director: Jen-Jyh Hwang

Independent Director: Niang-Shou Wei

March 07, 2023

6.4 2022 Only Financial Statement and Report of Independent Accountants

Please refer to Only Financial Statement and Report page 01~64

6.5 2022 Consolidated Financial Statement and Report of Independent Accountants

Please refer to Consolidated Financial Statement and Report page 01~58

6.6 The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties : None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		798,855	752,823	46,032	6.11%
Property, plant and equipment		128,717	132,365	-3,648	-2.76%
Intangible assets		1,005	1,267	-262	-20.68%
Other assets		265,233	286,924	-21,691	-7.56%
Total Assets		1,193,810	1,173,379	20,431	1.74%
Current liabilities		47,070	50,435	-3,365	-6.67%
Non-current liabilities		81,780	77,661	4,119	5.30%
Total liabilities		128,850	128,096	754	0.59%
Equity attributable to owners of parent		1,064,960	1,045,283	19,677	1.88%
Capital stock		831,171	846,321	-15,150	-1.79%
Capital surplus		84,000	121,172	-37,172	-30.68%
Retained earnings		170,903	151,352	19,551	12.92%
Other equity interest		-12,799	-22,711	9,912	-43.64%
Treasury shares		-8,315	-50,851	42,536	-83.65%
Non-controlling interests		-	-	-	0.00%
Total equity		1,064,960	1,045,283	19,677	1.88%
Analysis of changes in financial ratios:					
1. The decrease in Capital surplus is mainly due to distribution of cash dividends.					
2. The increase in Retained earnings is mainly due to the increase in the company's operations					
3. The decrease in treasury stock is due to the transfer to employees.					

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

	2022	2021	Difference	
			Amount	%
Operating revenue	307,090	283,470	23,620	8.33%
Gross profit from operations	219,839	201,567	18,272	9.06%
Net operating income	63,809	56,524	7,285	12.89%
Non-operating income and expenses	22,819	24,391	-1,572	-6.45%
Profit before tax	86,628	80,915	5,713	7.06%
Tax expense	17,597	11,253	6,344	56.38%
Profit	69,031	69,662	-631	-0.91%
Other comprehensive income, net after tax	11,717	-2,791	14,508	-519.81%
Total comprehensive income	80,748	66,871	13,877	20.75%
Profit, attributable to owners of parent	69,031	69,662	-631	-0.91%
Comprehensive income, attributable to owners of parent	80,748	66,871	13,877	20.75%
Analysis of changes in financial ratios:				
1. The increase of revenue, gross profit and net income from operations is mainly due to the increase of the company's profit.				

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Year Item	2022	2021	Variance (%)
Cash Flow Ratio (%)	232.52	150.29	54.71%
Cash Flow Adequacy Ratio (%)	74.39	58.66	26.81%
Cash Reinvestment Ratio (%)	2.92	1.15	153.91%

Analysis of financial ratio change:
The changes in cash flow and reinvestment ratio are mainly due to the increase in company revenue and the increase in cash flow from operating activities.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$727,900	71,670	83,716	715,854	-	-

(1) Analysis of Cash Flow for the Coming Year:

- a). Estimated Net Cash NT\$ 71,670 thousands generated from Operating Activities, mainly due to the estimated sales growth.
- b). The Cash Flow used in Cash dividends distribution.

(2) Remedy for Estimated Cash Deficit and Liquidity Analysis: None

7.4 Major Capital Expenditure Items : None

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Remarks Item	Investment Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
TSCC Inc.	101,153	Holding	Gain	N/A	N/A
Davicom Investment Inc.	209,031	Investment holding	Gain	N/A	N/A
Aidia Link Inc.	72,768	Investment	Loss	Continuous improvement	N/A
Medicom Inc.	43,000	Investment	Loss	Continuous improvement	N/A

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1). Risks associated with interest rate and Foreign Exchange Rates :

a). Interest Rate :

	Ratio of Interest Income to Company Income (%)	Ratio of Interest Expense to Company Income (%)
2022	5.96%	0.95%
2021	2.70%	0.88%

b). Exchange Rate :

	Exchange benefit (Loss)	Ratio of Exchange benefit (Loss) to Company Income (%)
2022	21,871 thousand	31.68%
2021	(8,256) thousand	11.85%

(2). Risks associated with inflation :

There was no major impact from inflation on the Company's 2022 operations.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions :

The company has not engaged in high-risk or high-leverage investments, nor provided any endorsement guarantees. The company has established procedures for lending money to others and providing endorsement guarantees, which are to be followed. As of the date of printing, there have been no instances of lending money to others.

7.6.3 Future Research & Development Projects and Corresponding Budget

Research Projects	Progress (%)	Expected Research Expenditure (NT\$)	Expected Completion Schedule
Active RFID and passive RFID application system development	- Active tag and reader field application configuration: Under developing - Passive RFID Intelligent Reader and Antenna: Under developing - Active/passive integrated RFID warehouse management system: Under developing	20 million	2023/Q4
Ethernet Transceiver Chip for Industrial Control	IC development in progress.	20 million	2024/Q3
Nanosecond precision network timing synchronization of fast Ethernet controller chip	IC development in progress.	15 million	2024/Q2

7.6.4 Effects and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales :

The company has taken appropriate measures to respond to important domestic and foreign policy and legal changes in the recent year, which will not have a significant impact on the company's financial business.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales :

Gross profit margin declined due to intense market competition. The Company focused on enhancing product functions and reducing product costs as the first response measures. In addition, our company has established and implemented an information security management system to control information security risks. We have developed an information security policy document to regulate our information security. Moreover, we conduct regular information security risk assessments and internal and external information security audits every year to ensure the effectiveness of our management system and compliance with legal requirements.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures :

The Company has consistently maintained an ethical business philosophy. Ethics has become the Company's essence in corporate governance.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans : None

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans : None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration : None

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% : None

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights : None

7.6.12 Litigation or Non-litigation Matters : None

7.6.13 Other Major Risks :

Organizational Structure of Risk Management

The management of operational risks in our company is delegated to relevant management units based on the nature of their business, and is reviewed by the audit unit for existing or potential risks in order to develop an annual audit plan that is risk-oriented. The management units responsible for each type of risk are as follows:

- A. General Manager's Office: responsible for business decision-making planning, evaluating medium to long-term investment benefits to reduce strategic risks.
- B. Internal Audit: responsible for the establishment and implementation of internal control systems to enhance the internal control function and ensure the continuous effective operation of the internal control system.
- C. Finance Department: responsible for financial scheduling and utilization, establishing hedging mechanisms to reduce financial risks, complying with relevant laws and regulations to ensure the reliability of financial reporting and reduce accounting risks.

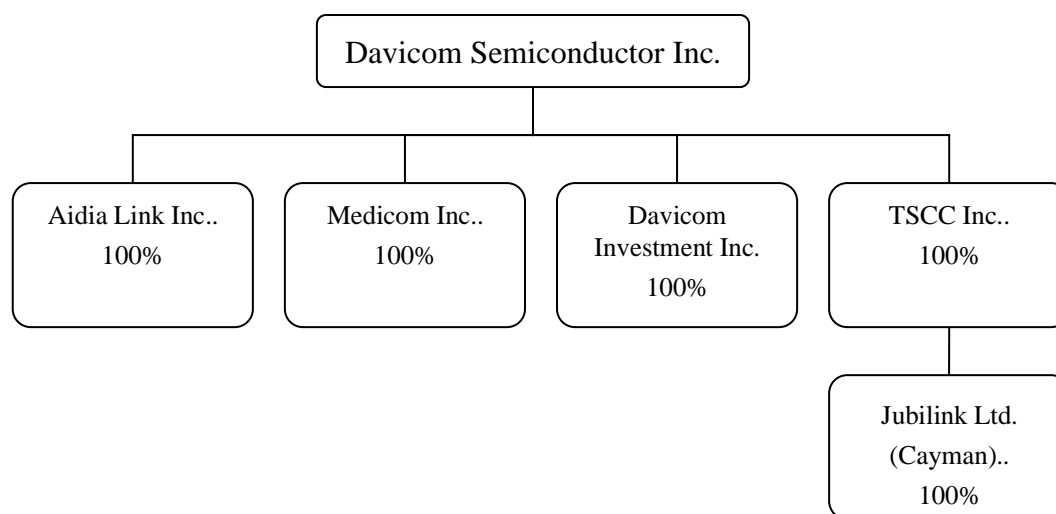
- D. Information Technology Service Department: responsible for maintaining and managing systems, networks, computers, servers, and related peripherals, integrating application development and maintenance of automation systems and software to reduce network and information security risks.
- E. Quality and Reliability Engineering Department: improve the efficiency of quality and service, check and improve engineering reliability, and reduce operational risks.
- F. Marketing Department: responsible for formulating product and marketing strategies and grasping market trends to reduce market risks.
- G. Business Department: responsible for the company's annual business objectives and implementation plans, providing quotation, contract signing, shipping, payment, customer complaints, and establishing credit limits to reduce business risks.
- H. Operations: responsible for product testing, packaging, quality engineering and production planning services, and cost control to reduce operational risks.
- I. Design Services and Research and Development: responsible for product development, design, maintenance, customer service, chip integration technology, software application and development, and technical planning for silicon intellectual property to reduce technical risks.

7.7 Other Material Events : None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 The Company's Affiliated Companies Chart



8.1.2 The Company Affiliated Companies

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
TSCC INC.	Jan. 2002	TrustNet Chambers, Lotemau P.O. Box 1225, Apia, Samoa.	US\$4,400 thousand	Investment activities
Davicom Investment Inc.	Apr. 2006	2F, No. 1, Ln. 53, Xinzhuang St., East Dist., Hsinchu City 300, Taiwan	NT\$212,000 thousand	Investment activities
Medicom Inc.	Jul. 2010	2F, No. 1, Ln. 53, Xinzhuang St., East Dist., Hsinchu City 300, Taiwan	NT\$50,000 thousand	Trade
Aidia Link Inc.	Apr. 2016	15F.-3, No. 60-3, Jianxin Rd., East Dist., Hsinchu City 300, Taiwan	NT\$80,000 thousand	Telecommunication Equipment and Apparatus Manufacturing
Jubilink Ltd.	Jan. 2002	P.O. Box 219, Grand Cayman	US\$2,500 thousand	Investment activities

8.1.3 Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual or Deemed Control : None

8.1.4 Business Scope of the Company and Its Affiliated Companies

Company Name	Major Business
TSCC INC.	Investment activities
Davicom Investment Inc.	Investment activities
Medicom Inc.	Trade
Aidia Link Inc.	Telecommunication Equipment and Apparatus Manufacturing

8.1.5 List of Director, Supervisors and Presidents of the Company's Affiliated Companies

Company Name	Title	Name of Representative	Shares	% of Holding
TSCC INC.	Director	Nien-Tai Chen	4,400,000	100.00%
Davicom Investment Inc.	Chairman	Ting Hao	21,200,000	100.00%
Medicom Inc.	Chairman	Chun-Chun Yang	5,000,000	100.00%
	Director	Cheng-Feng Chiu	5,000,000	100.00%
	Director	Chih-Fan Hsu	5,000,000	100.00%
	Supervisor	Kuei-Feng Chiu	5,000,000	100.00%
Aidia Link Inc.	Chairman	Ting Hao	8,000,000	100.00%
	Director/President	Ping-Hung Liu	8,000,000	100.00%
	Director	Chun-Chun Yang	8,000,000	100.00%
	Supervisor	Kuei-Feng Chiu	8,000,000	100.00%

8.1.6 Operation Highlights of the Company's Affiliated Companies

Unit: NT\$ thousands

Company Name	Capital	Asset	Liabilities	Net worth	Net Sales	Operation Income(Loss)	Net Income	EPS (NT\$)
TSCC INC.	143,224	101,153	—	101,153	—	(153)	957	0.22
Davicom Investment Inc.	212,000	209,123	91	209,031	—	(334)	1,330	0.06
Medicom Inc.	50,000	43,162	162	43,000	103	(967)	(873)	(0.17)
Aidia Link Inc.	80,000	74,487	1,720	74,487	10,997	(2,638)	(2,149)	(0.27)
Jubilink Ltd.	82,725	—	—	—	—	—	—	—

8.1.7 Consolidated Financial Statements of Affiliated Enterprises :

Please refer to Consolidated Financial Statement and Report page 01~58

8.1.8 Business Reports of Affiliated Enterprises : None

8.2 Private Placement Securities in the Most Recent Years : None

8.3 Holding or Disposition of the Company Stocks by Subsidiaries : None

8.4 Other Necessary Supplement : None

IX. Any Events that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan : None