

  
**Accton Technology Corporation**  
**2021 Annual Shareholders' Meeting Agenda**

Meeting time: July 8, 2021 (Thursday) 9:00 a.m.

Meeting venue: No. 1, Creation 3rd Road, Hsinchu Science Park (The Company's outdoor venue)

Quorum : 516,490,619 shares were represented by shareholders in person and by proxy, which are mounted to 92.62% of the Company's 557,628,530 issued and outstanding shares (deducting 2,209,867 shares held by the subsidiary, Accton Investment Corp. (BVI) from the Company's total issued shares of 559,838,397).

Directors present : Kuo, Fai-Long, Lin, Meen-Ron, Du, Heng-Yi, Chang, Chih-Ping, Lin, Shiou-Ling  
Hung, Yao-Chin, Attorney-at-law of Hong Young Law Office  
Lin, Cheng-Chih, CPAs of Deloitte & Touche

Chairman : Kuo, Fai-Long

Recorder : Hsu, Pei-Chun

- I. Call the Meeting to Order:** The Chairman announced that the aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

**Chairman Remarks:** (Omitted)

**Report items:**

- (1) Report on the Company's 2020 business. (see Attachment I)
- (2) Report on the Company's 2020 Audit Committee's Review Report. (see Attachment II)
- (3) Report on the Company's 2020 employees compensation and directors remuneration distribution.

**Explanation:**

- I. On Mar. 11, 2021, the Remuneration Committee resolved on the distribution of remuneration to employees and directors in accordance with the Articles of Association of the Company.
- II. The Company is expected to allocate NT\$779,607,009 to employees' compensation, and NT\$45,000,000 to directors' remuneration.
- III. The Company intended to pay all aforementioned compensation for employees and remuneration for directors in cash; the receivers of remuneration for employees shall include the employees of the subordinated companies of the Company who meet certain conditions.
- IV. The distribution of employees' compensation and directors' remuneration were submitted to the shareholders' meeting after the adoption of the Board resolution on Mar. 18, 2021.

## II. Proposals

### Case 1 [Proposed by the Board of Directors]

**Proposal:** Adoption of the 2020 Business Report and Financial Statements of the Company.

**Explanation:**

- 1.The Company's 2020 Business Report and Financial Statements were audited by Cheng-Chih Lin and Yu-Feng Huang, CPAs of Deloitte & Touche, and reviewed by the Audit Committee and approved by the Board of Directors on Mar. 18, 2021.
- 2.For the 2020 Business Report, Independent Auditors' Report, and Financial Statements were attached hereto as Attachments I, III and IV.
- 3.Please adopt the proposal.

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 516,486,619 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	443,454,976 votes (85.85 % of the total voting rights)
Votes against :	1,992 votes
Votes invalid :	0 votes
Votes abstained :	73,029,651 votes

### Case 2 [Proposed by the Board of Directors]

**Proposal:** Adoption of the proposal for distribution of 2020 earnings of the Company.

**Explanation:** According to the Articles of Association, the distribution of earnings for 2020 is set out below:

1. In 2020, the undistributed earnings of the Company at beginning of the period was NT\$1,159,216,447; the net profit after tax was NT\$5,048,352,605; the re-measurement of defined benefit plan recognized in the retained earnings was NT\$3,906,665.
2. In accordance with the law, 10% was appropriated for statutory surplus reserve of NT\$504,444,594 and the special surplus reserve of NT\$65,023,450 was revolved. The distributable earnings of this period was NT\$5,764,241,243 (details in the following surplus distribution table).
3. Taking into full account the capital requirements for building of Chupei AI Park and related equipment, it is proposed to distribute a cash dividend of NT\$3,636,538,081, NT\$6.5 per share, resulting in an undistributed surplus of NT\$2,127,703,162 at the end of the distribution period.

4. The shareholders' bonus calculated in the earnings distribution table shall be authorized by the shareholders' meeting to the board of directors to pay the total shareholders bonus in accordance with the resolution on this earnings distribution if the Company purchases its shares or transfers its treasury shares or issues new shares due to the exercise of employee warrants before the date of the distribution of shareholders' bonus, where there is a change in the number of shares circulated in the market on the basis day of dividend distribution to shareholders, the dividend rate of shareholders shall be adjusted according to the actual number of shares circulated in the market on the basis day of bonus distribution.
5. Once the shareholders' cash dividend is approved by the shareholders' meeting, the Board of Directors will set another base date for the dividend, and the part of the cash dividend which is less than NT\$1 shall be transferred to the employee welfare committee of the Company according to the amount of the cash dividend distributed based on the shareholders' shareholding.
6. The proposal has been reviewed and approved by the Audit Committee and approved by the Board of Directors in accordance with the law and submitted to the Shareholders' Meeting for adoption.
7. Please adopt this proposal.

**Accton Technology Corporation**  
**2020 Earning Distribution Table**

Unit: NTD

Undistributed earnings at beginning of the period		1,159,216,447
Plus:		
Remeasurement of defined benefit plans recognized in retained earnings	(3,906,665)	
Net income after tax for the current period	5,048,352,605	
Undistributed earnings for the current period		6,203,662,387
Less:		
Appropriation of statutory surplus reserve	(504,444,594)	
Add:		
Reversal of special surplus reserve	65,023,450	
Distributable earnings for the current period		5,764,241,243
Distribution items:		
Shareholders' dividends - cash (NT\$6.50 per share)	3,636,538,081	
Unappropriated retained earnings at the end of period		2,127,703,162

Chairman: Kuo, Fai-Long      Manager: Edgar Masri      Accounting Supervisor: Lin, Meen-Ron

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 516,486,619 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	442,964,351 votes (85.76 % of the total voting rights)
Votes against :	695,003 votes
Votes invalid :	0 votes
Votes abstained :	72,827,265 votes

### III. Election Matters (Proposed by the Board of Directors)

**Proposal:** Election of the Company's 12th directors (including independent directors).

**Explanation:**

1. The term of service of the Company's 11th director will expire on June 12, 2021. The re-election shall be conducted according to the laws at the Annual Shareholder's Meeting.
2. 9 directors (including 6 independent directors) shall be elected. The term of service shall be three years, from Jun. 17, 2021 to Jun. 16, 2024. The term of service for the present directors will terminate at the end of this Annual Shareholders' Meeting.
3. Elections of the Company's directors shall be conducted in accordance with the candidate nomination system set out in the Articles of Association and Article 192-1 of the Company Act.
4. List of director candidates (including independent directors) is as follows:

**Accton Technology Corporation**

**List of director candidates (3 directors and 6 independent directors)**

Category	Name	Academic Background	Experiences	Current Position	Shareholdings (Unit: Share)
Director	Kuan Xin Investment Corp.	N/A	N/A	N/A	7,070,000
Director	Huang, Kuo-Hsiu	MBA, Peking University	<ul style="list-style-type: none"> <li>Associate head of Accton Technology Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Accton Technology Co., Ltd.</li> <li>Chairman of E-Direct Corp.</li> <li>Chairman of MuXi Technology Co., Ltd.</li> <li>Director of Accton Technology Corporation</li> </ul>	493,379

Director	Ting Sing Co.,Ltd. Representative: Du, Heng-Yi	MBA, University of Hawaii	<ul style="list-style-type: none"> <li>• Chairman of the Board of Wanyuan Textile Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Chien Shun Trading Co., Ltd.</li> <li>• Chairman of Wan Yuan Textiles Co., Ltd.</li> <li>• Chairman of Chong Tai Transportation Co., Ltd.</li> <li>• Chairman of Ting Fang Investment Co., Ltd.</li> <li>• Chairman of Valley View Industrial Co., Ltd.</li> <li>• Chairman of Ting Chien Co., Ltd.</li> <li>• Chairman of Ting Sing Co., Ltd.</li> <li>• Supervisor of The World Champion Co., Ltd.</li> <li>• Supervisor of Tai Ve Corporation</li> <li>• Supervisor of Summit Packing Industrial Co., Ltd.</li> <li>• Director of Ve Wong Co., Ltd.</li> <li>• Director of South China Insurance Co., Ltd.</li> <li>• Director of Taiwan Secom Co., Ltd.</li> <li>• Director of The Ambassador Hotel Co., Ltd.</li> <li>• Director of Fujitec Taiwan Co., Ltd.</li> <li>• Director of Toray International Taipei Inc. Co., Ltd.</li> <li>• Director of Accton Technology Corporation</li> </ul>	2,351,562
Independent Director	Huang, Shu-Chieh	National Chiao Tung University EMBA	<ul style="list-style-type: none"> <li>• CEO of Deloitte &amp; Touche Taiwan</li> </ul>	None	0
Independent Director	Lee, Fa-Yauh	M.D. Kaohsiung Medical University, Taiwan	<ul style="list-style-type: none"> <li>• Acting Superintendent, Taipei Veterans General Hospital</li> </ul>	<ul style="list-style-type: none"> <li>• Editor-in-Chief, Journal of the Chinese Medical Association</li> </ul>	0
Independent Director	Kuo, Ming-Jian	MBA, Baruch College, City University of New York	<ul style="list-style-type: none"> <li>• Citibank Taipei – Deputy General Manager</li> <li>• Chase Manhattan Bank – Managing Director</li> <li>• H&amp;Q Asia Pacific (Hong</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Cathay United Bank Co., Ltd.</li> <li>• Chairman of Cathay United Bank(China) Limited</li> <li>• Independent Director of Huali Industrial Group Company Limited</li> <li>• Director of Cathay Holdings</li> </ul>	0

			<ul style="list-style-type: none"> <li>Kong) Limited –Managing Director</li> <li>Blackstone Group (HK) Limited – Vice Chairman</li> <li>Zoyi Capital Ltd. - Director</li> </ul>	<ul style="list-style-type: none"> <li>Director of Samson Holding Ltd.</li> <li>Director of Far East Horizon Limited</li> <li>Juristic person director of Cathay General Hospital</li> <li>Director of Longchen Paper Co., Ltd.</li> <li>Director of Cathay Private Equity Co., Ltd.</li> <li>Director of Taiwan Farm Industry Co., Ltd.</li> <li>Director of Cathay Charity Foundation</li> <li>Director of Cathay Securities Investment Trust Co., Ltd.</li> </ul>	
Independent Director	Eizo Kobayashi	Osaka University Bachelor of Solid State Physics	<ul style="list-style-type: none"> <li>ITOCHU Corporation Chairman</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director of OMRON Corporation</li> <li>Independent Director of JAPAN AIRLINES</li> <li>Independent Director of JAPAN EXCHANGE GROUP,INC.</li> </ul>	0
Independent Director	Ankur Singla	Stanford University M.S., Electrical Engineering	<ul style="list-style-type: none"> <li>Founder &amp; CEO of Volterra</li> <li>SVP/GM, Contrail &amp; Appformix of Juniper Network</li> <li>Board of Directors of Right Relevance, Inc.</li> <li>Founder &amp; CEO of Contrail Systems</li> </ul>	<ul style="list-style-type: none"> <li>Sr VP of F5 Networks, Inc.</li> </ul>	0
Independent Director	Avigdor Willenz	Technion-Israel Institute of Technology B.Sc., Electrical Engineering	<ul style="list-style-type: none"> <li>Founder of Galileo Technologies</li> <li>Founder and CEO of Annapurna Labs</li> <li>Founder and Chairman of Habana Labs</li> <li>Founder and Chairman of Lightbits Labs</li> </ul>	<ul style="list-style-type: none"> <li>Director of DustPhotonics</li> <li>Director of Quantum Machines</li> <li>Chairman of Xsight Labs</li> <li>Director of Proteantecs Ltd</li> <li>Director of Empow Cyber Security Ltd.</li> </ul>	0

**Supplementary explanation:** Pursuant to “The Related Postponement Measures of the Listing Company’s Annual Shareholder’s Meeting during the Pandemic” announced by Financial Supervisory

Commission, the Annual Shareholders' Meeting is postponed to July 8th, 2021, was originally intended to be held on June 17th, 2021. Accordingly, the term of each 12th-term director will be amended from July 8th , 2021 to July 7th, 2024.

5.Please adopt this proposal.

#### Election results:

Title	Account Number	Acconut (Name)	Elected Votes
Director	24318	Kuan Xin Investment Corp.	424,151,594
Independent Director	19560*****	Avigdor Willenz	414,856,026
Independent Director	19490*****	Eizo Kobayashi	414,707,015
Independent Director	19770*****	Ankur Singla	414,307,574
Director	192084	Ting Sing Co., Ltd. Representative : Du, Heng-Yi	413,861,872
Independent Director	F1221*****	Kuo,Ming-Jian	413,306,039
Independent Director	B1203*****	Huang, Shu-Chieh	412,807,014
Independent Director	A1043*****	Lee,Fa-Yauh	412,607,015
Director	712	Huang, Kuo-Hsiu	412,212,445

#### IV.Discussions (Proposed by the Board of Directors)

**Proposal:** Cancellation of the non-competition restriction on the Company's new directors and their representatives is submitted for resolution.

#### Explanation:

1. Pursuant to Article 209 of the Company Act, "A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
2. In response to the Company's business needs, the directors of the Company are often assigned to assume directorship in related companies and other companies that are in line with or similar to the Company's business operations. Therefore, it is hereby proposed to cancel the non-competition restriction on the Company's new directors and their representatives, which is submitted for resolution at the Annual Shareholder's Meeting.
3. As the Company adopts a candidate nomination system for the election of its directors

and independent directors, and in order to facilitate shareholders' exercise of their voting rights electronically, the Company discloses the list of directors and independent directors for which the non-compete clause has been lifted below.

<b>Category</b>	<b>Name of Candidate</b>	<b>Concurrent Position Held</b>
Director	Huang, Kuo-Hsiu	Chairman of Accton Technology Co., Ltd. Chairman of E-Direct Corporation Chairman of MuXi Technology Co., Ltd. Director of Edgecore Networks Singapore Pte Ltd
Director	Ting Sing Co., Ltd. Representative: Du, Heng-Yi	Chairman of Chien Shun Trading Co., Ltd. Chairman of Wan Yuan Textiles Co., Ltd. Chairman of Chong Tai Transportation Co., Ltd. Chairman of Ting Fang Investment Co., Ltd. Chairman of Valley View Industrial Co., Ltd. Chairman of Ting Chien Co., Ltd. Chairman of Ting Sing Co., Ltd. Supervisor of The World Champion Co., Ltd. Supervisor of Tai Ve Corporation Supervisor of Summit Packing Industrial Co., Ltd. Director of Ve Wong Corporation Director of South China Insurance Co., Ltd. Director of Taiwan Secom Co., Ltd. Director of The Ambassador Hotel Co., Ltd. Director of Fujitec Taiwan Co., Ltd. Director of Toray International Taipei Inc.
Independent Director	Kuo, Ming-Chien	Chairman of Cathay United Bank Co., Ltd. Chairman of Cathay United Bank (China) Limited (Has expired before today) Director of Longchen Paper & Packaging Co., Ltd. Director of Cathay Holdings Director of Cathay Private Equity Co., Ltd. Director of Taiwan Farm Industry Co., Ltd. (Resigned before expiration today) Director of Cathay Securities Investment Trust Co., Ltd. Director of Far East Horizon Limited Director of Samson Holding Ltd. Independent Director of Huali Industrial Group Company Limited
Independent Director	Eizo Kobayashi	Independent Director of OMRON Corporation Independent Director of JAPAN AIRLINES Independent Director of JAPAN EXCHANGE GROUP, INC. Director emeritus of ITOCHU Corporation

Independent Director	Ankur Singla	Sr VP of F5 Networks,Inc.
Independent Director	Avigdor Willenz	Director of DustPhotonics Director of Quantum Machines Chairman of Xsight Labs Director of Proteantecs Ltd Director of Empow Cyber Security Ltd.

4. Submitted for resolution.

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 516,490,619 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	437,639,002 votes (84.73 % of the total voting rights)
Votes against :	52,630 votes
Votes invalid :	0 votes
Votes abstained :	78,798,987 votes

## V.Extemporary Motions

**VI.Adjournment:** Meeting adjourned: 9:41 am.

\*\*In case of any discrepancy between the English and Chinese version of those minutes of 2020 Annual General Shareholders' Meeting of Accton Technology Corporation, the Chinese version shall prevail.



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Kuo, Fai-Long  
Chairman



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Hsu, Pei-Chun  
Recorder

## **Attachments**

**Accton Technology Corporation**  
**2020 Business Report**

Thanks to all shareholders for your love and support for Accton in the past year, and we show our great gratitude. Report is hereby made related to the summary of Accton's business conditions as of 2020 and business plans for 2021.

1. 2020 Business Results

(1) Implementation and Results of the 2020 Business Plan

In 2020, the Company's consolidated revenue was NT\$54.463 billion, a decrease of about 1.7% over the previous year, and consolidated net profit after tax was NT\$5.048 billion, an increase of about 2% over the previous year. In terms of revenue distribution in various product lines, the network switch accounted for 71% of the total revenue, the network application equipment accounted for 14% of revenue, the network access equipment accounted for 9% of revenue, and the wireless network equipment accounted for 2% of revenue.

Looking forward to the future, with the Company mastering the core technology of the new era of network communication and under the product layout of the accelerating computing technology, the overall revenue will continue to grow with the increasing demand for information application and network infrastructure.

(2) Budget Execution Status

In 2020, revenue and profit were above the Company's internal objectives.

(3) Analysis of Financial Income and Expenditure and Profitability

The consolidated revenue for the whole year 2020 was NT\$54.463 billion, a decrease of about 1.7% over the previous year; the consolidated gross margin of the whole year was 21%; the consolidated net profit after tax was NT\$5.048 billion, equivalent to the consolidated net profit after tax per share of NT\$9.07.

(4) Research and Development Status

The Company will continue to invest in the innovation of cutting-edge technology for hardware and software of network communication, and the key R&D for 2020 are as follows:

1. Invest in the development of Open Network switches and router products, cooperate with internationally renowned software partners and open software to provide cloud computing solutions. We also actively participate in the operation and cooperation of open technology development platforms, including OCP (Open Compute Project), TIP (Telecom Infrastructure Project), ONF (Open Networking Foundation) and other important open technology structural platforms, and participate in the development of various open structural technologies, such as SONiC (Software for Open Network in the Cloud)/DENT.
2. Leading in the industry with the mass production of Hyper Scale Data Center high-density 100G/400G and 800G switches.
3. Leading in the development of high-density 200G/600G fiber optic transmission productions that provides connections between data centers, fulfilling the transmission demand between data centers.

4. Leading in the development of action reversal Cell Site Router and convergence routers and other telecom-grade products so that the open network conforms to the 5G architecture.
5. Leading in the development of SD-WAN products.
6. Leading in the development of 50G/200G EBOF products.
7. Leading in the development of programmable switch products integrating server functions.
8. Leading in the development of optical module switch products.
9. Development of millimeter wave wireless high-speed transmission technology with the Wi-Fi wireless communication technology, mass production of 2.5Gbps point-to-point and point-to-multipoint transmission products, as well as the tri-band omni base station with a transmission rate of 10Gbps, providing a new generation of high-speed wireless network access solutions.
10. Development in wireless network technology, including 5G and Wi-Fi6 and other newly developed wireless network technology products.
11. R&D of 100G smart network card, establish a virtual server network and provide server network offload function to significantly improve the overall computing efficiency.
12. Mass production of the artificial intelligence (AI) inferencing acceleration card, which provides deep learning clustering calculation function required by the data center to be utilized in AI calculation of massive data.
13. In response to the growth of the Company's business and the actual demand of the overall market expansion, the Company established the Accton Zhunan Plant to expand the production capacity of the production base in Taiwan, improve the quality of manufacturing technology and invest in the upgrade of process automation and capacity optimization. Cloud and AI technology are utilized to connect the production machinery cluster and reach the production quality and manufacturing efficiency of intelligent manufacturing.

## **2. Summary of Business Plan for the Current Year**

### **(1) Operating Strategies**

1. Focus on IT infrastructure industry, develop highly-integrated and high-value product solutions.
2. Master core technology, strengthen product innovation, expand technical frontiers, and strengthen brand access.
3. Enhance R&D and business innovative energy to establish global and domestic competitiveness.
4. Continue to enhance the operation efficiency of the supply chain, improve production capacity in accordance with the circumstances, enhance overall operation efficiency, and establish operation capacity for the global structure.
5. Strengthen strategic partnerships and promote industrial ecosystems to provide diversified integration solutions and professional after-sales service for customers.
6. Continuous efforts to provide professional OEM/ODM services and brand sales in parallel, and to provide high-quality products in response to market demand.

### **(2) Production and Sales Policies**

We have taken many actions to expand, protect and diversify our supply chain, to meet the

increasingly rigorous network safety requirements of customers and partners. We have seen potential opportunities for development in emerging markets such India, which also attracts the interest and willingness of customers.

The current production and sales policy is as follows:

1. Strengthen supply chain and improve production capacity, dynamically adjust production capacity in response to customer demand.
2. In response to open platform business opportunities, participate in relevant international social media network communication organizations.
3. Cultivate international large customers and establish a multi-point international production, sales and after-sales service system.
4. Prospective investment in new technologies and development of new high-value customers.

### **3. Future Development Strategies of the Company**

To increase revenue and profitability, Accton's main development strategies are as follows:

1. Corporate and telecom network customers
  - (a) Provide high-efficiency, high-quality products and services; maintain technological leadership.
  - (b) Strengthen cooperation and partnership strategies to jointly develop new markets, continuously improve operation and strive for the best profits.
  - (c) Provide network equipment that fulfills the future mobile broadband and fixed network requirements in conjunction with chip manufacturers, software developers, solution providers and telecommunication network service operators.
2. Hyper Scale Data Center Customers
  - (a) For Hyper Scale Data Center customers demands, advanced network products equipped with backbone transmission in line with open network architecture and software defined network specifications will be launched.
  - (b) Strengthen the software and hardware platform, provide a friendly software development environment, actively participate in the software open source community and provide open source program testing services.
3. Wireless Network Technology Integration Solutions
  - (a) Strengthen the management of wireless network platform and access control options to meet the needs of timeliness, security and simplified operation and maintenance of various wireless applications.
  - (b) Utilize different radio frequency technologies such as 802.11ax, 802.11ay and 5G NR, the development of wireless network connection products will be completed, and a complete network coverage scheme will be provided.
4. Network Applications and Accelerator Products

Develop network function virtualization server to meet the application demands of Edge Computing and SD-WAN. Continue to launch high-performance network uninstallation, information security, data storage and artificial intelligence computing accelerator products.
5. Solutions for Internet of Things Application

Integrate IoT application technology, use broadband, mobile/wireless technology, cloud computing technology to develop solutions for artificial intelligence and automation.
6. Improving quality and productivity; strengthening production flexibility and delivery efficiency
  - (a) Increase overall production capacity and local production allocation in response to market and customer demand.
  - (b) Implement customer-oriented supply chains, optimize product production process, and

implement production line intelligence.

- (c) Implementing QMS (quality management system) feedback management. Improve product planning quality, shorten product development cycle, improve customer satisfaction with high efficiency.
- (d) Developing excellent strategic suppliers and producing standard parts and materials to ensure diversified supply and stable delivery.

#### **4. Impact of External Competition, Legal Environment and Overall Business Environment**

With the global 5G mobile broadband network being built one after another, the demand for network broadband is growing rapidly, cloud applications are increasing continuously. In addition, demand for rapid and secured application services will drive the innovation and business opportunities of network telecommunication equipment. For the future trends in artificial intelligence and the Internet of Things, open architecture and software defined IT will also require a large amount of integrated network equipment, which will drive the next wave of business opportunities. However, the rise of international protectionism and the increasing demand for localization and autonomy of countries will also create new operational challenges and risks. A more flexible global operation strategy shall be adopted to mitigate the risks. Affected by COVID-19, many existing and potential customers cannot pay visits in person during the outbreak, we set out to carry out a series of activities, show our headquarters and manufacturing plants through video and community media, introduce Accton to new customers around the world and ensure that existing customers are not affected by the epidemic. Meanwhile, we provide local customers, partners and employees with a safe conference and interaction environment. The most important thing is that by virtue of our products, cloud and telecommunication partners can provide smooth communication between the company and the team in the blocked state.

We sincerely thank all shareholders for their long-term support and recognition. Our management team and staff will continue to work hard to create higher business value for all shareholders.

We wish all shareholders good health, increasing fortune and wisdom, best of luck and happiness.

Chairman: Kuo, Fai-Long      Manager: Edgar Masri      Accounting Supervisor: Lin, Meen-Ron

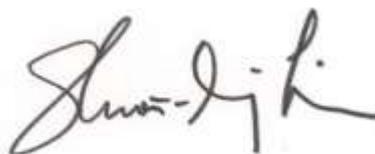
**Accton Technology Corporation**  
**2020 Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Financial Statements, and Earnings Distribution Table, among which the financial statements were audited and completed by Deloitte & Touche, and an audit report was issued. The aforementioned business reports, financial statements, and earnings distribution table have been examined by the Audit Committee and found to be consistent. Please review them in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2021 Annual Shareholders' Meeting of Accton Technology Corporation

Convener of Audit Committee: Lin, Shiou-Ling

A handwritten signature in black ink, appearing to read 'Shiou-Ling', is positioned below the typed name.

Mar. 18, 2021

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Accton Technology Corporation

**Opinion**

We have audited the accompanying financial statements of Accton Technology Corporation (the “Company”) which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are stated as follows:

Revenue recognition

For the year ended December 31, 2020, the Company's net operating revenue was NT\$51,270,498 thousand. Refer to Notes 4 and 22 to the financial statements for the detailed information on accounting policies on revenue.

We evaluated that the operating revenue of some of the major customers of the Company which have grown significantly compared to 2019. Therefore, we considered the occurrence of operating revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.
2. We selected appropriate samples from sales and inspected that purchase orders and delivery orders were consistent with invoices.
3. We selected samples of revenue details and confirmed that actual receipts and certificate of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Yu Feng Huang.

The logo for Deloitte & Touche, written in a cursive, handwritten style.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 18, 2021

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# ACCTON TECHNOLOGY CORPORATION

BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019		LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 2,302,876	7	\$ 3,382,500	11	Contract liabilities - current (Notes 4 and 22)	\$ 914,356	3	\$ 542,726	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	1,915,657	6	315,232	1	Trade payables	5,786,272	18	4,787,686	16
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	136,947	-	123,235	-	Trade payables to related parties (Note 31)	5,204,304	16	6,937,837	23
Financial assets at amortized cost - current (Notes 4, 9 and 30)	2,824,364	9	4,103,392	14	Bonuses to employees and directors (Note 23)	852,827	3	743,421	2
Notes and Trade receivables, net (Notes 4, 5 and 10)	6,426,497	20	4,162,120	14	Payables to machinery and equipment (Note 30)	79,927	-	123,867	-
Receivables from related parties (Notes 4, 5 and 31)	4,385,603	14	3,782,379	13	Other payables (Note 18)	1,896,544	6	1,759,399	6
Other receivables (Notes 4 and 10)	286,027	1	80,806	-	Other payables to related parties (Note 31)	150,679	-	165,477	1
Other receivables from related parties (Notes 4 and 31)	455,781	1	1,013,925	3	Current tax liabilities (Notes 4 and 24)	1,295,338	4	749,646	3
Inventories (Notes 4, 5 and 11)	5,440,371	17	5,059,526	17	Provisions - current (Notes 4 and 19)	81,224	-	44,380	-
Prepayments (Note 16)	133,637	-	102,990	-	Lease liabilities - current (Notes 4 and 14)	91,079	-	79,771	-
Other current assets (Note 16)	4,940	-	6,186	-	Deferred revenue - current (Notes 17 and 27)	11,075	-	8,317	-
					Refund liabilities - current (Note 22)	16,605	-	3,179	-
<b>Total current assets</b>	<b>24,312,700</b>	<b>75</b>	<b>22,132,291</b>	<b>73</b>	<b>Total current liabilities</b>	<b>16,380,230</b>	<b>50</b>	<b>15,945,706</b>	<b>53</b>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	95,301	-	89,731	1	Long-term borrowings (Notes 17 and 27)	1,163,470	4	920,639	3
Investments accounted for using the equity method (Notes 4, 12 and 31)	6,227,319	19	6,320,171	21	Lease liabilities - non-current (Notes 4 and 14)	378,908	1	429,941	2
Property, plant and equipment (Notes 4, 13 and 31)	1,132,928	4	894,509	3	Deferred revenue - non-current (Notes 17 and 27)	48,094	-	44,044	-
Right-of-use assets (Notes 4 and 14)	477,705	2	521,032	2	Net defined benefit liabilities - non-current (Notes 4 and 20)	29,115	-	26,809	-
Intangible assets (Notes 4, 15 and 31)	70,933	-	49,263	-	Guarantee deposits (Note 30)	816	-	816	-
Deferred tax assets (Notes 4 and 24)	74,915	-	46,294	-	Other non-current liabilities (Note 12)	-	-	4,027	-
Prepayments for equipment	19,573	-	73,028	-	<b>Total non-current liabilities</b>	<b>1,620,403</b>	<b>5</b>	<b>1,426,276</b>	<b>5</b>
Refundable deposits (Note 30)	41,826	-	24,050	-	<b>Total liabilities</b>	<b>18,000,633</b>	<b>55</b>	<b>17,371,982</b>	<b>58</b>
Other non-current assets - other (Notes 16 and 32)	27,773	-	22,000	-	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 21 and 26)</b>				
					Share capital				
<b>Total non-current assets</b>	<b>8,168,273</b>	<b>25</b>	<b>8,040,078</b>	<b>27</b>	Ordinary shares	5,594,564	17	5,580,514	18
					Capital surplus	824,883	3	805,715	3
					Retained earnings				
					Legal reserve	1,843,206	6	1,348,157	4
					Special reserve	538,244	1	307,492	1
					Unappropriated earnings	6,203,663	19	5,347,752	18
					Total retained earnings	8,585,113	26	7,003,401	23
					Other equity	(473,221)	(1)	(538,244)	(2)
					Treasury shares	(50,999)	-	(50,999)	-
					<b>Total equity</b>	<b>14,480,340</b>	<b>45</b>	<b>12,800,387</b>	<b>42</b>
<b>TOTAL</b>	<b>\$ 32,480,973</b>	<b>100</b>	<b>\$ 30,172,369</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 32,480,973</b>	<b>100</b>	<b>\$ 30,172,369</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	\$51,270,498	100	\$49,953,689	100
OPERATING COSTS (Notes 4, 11, 20, 23 and 31)	<u>41,613,889</u>	<u>81</u>	<u>41,812,113</u>	<u>84</u>
GROSS PROFIT	9,656,609	19	8,141,576	16
(UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>(189,840)</u>	<u>(1)</u>	<u>101,255</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>9,466,769</u>	<u>18</u>	<u>8,242,831</u>	<u>16</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23 and 31)				
Selling and marketing	973,777	2	1,245,650	2
General and administrative	1,145,101	2	977,931	2
Research and development	1,591,873	3	1,414,273	3
Expected credit loss	<u>9,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>3,720,685</u>	<u>7</u>	<u>3,637,854</u>	<u>7</u>
OPERATING INCOME	<u>5,746,084</u>	<u>11</u>	<u>4,604,977</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest income	61,338	-	69,311	-
Other income	98,986	-	74,702	-
Other gains and losses	(112,737)	-	(110,873)	-
Finance costs	(28,635)	-	(13,213)	-
Share of profit of subsidiaries and associates	<u>340,197</u>	<u>1</u>	<u>1,176,626</u>	<u>3</u>
Total non-operating income and expenses	<u>359,149</u>	<u>1</u>	<u>1,196,553</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	6,105,233	12	5,801,530	12
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,056,880</u>	<u>2</u>	<u>851,035</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>5,048,353</u>	<u>10</u>	<u>4,950,495</u>	<u>10</u>

(Continued)

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (3,907)	-	\$ (10)	-
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	13,712	-	13,913	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	13,042	-	(986)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>38,269</u>	<u>-</u>	<u>(219,425)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>61,116</u>	<u>-</u>	<u>(206,508)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,109,469</u>	<u>10</u>	<u>\$ 4,743,987</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 9.07</u>		<u>\$ 8.91</u>	
Diluted	<u>\$ 8.98</u>		<u>\$ 8.76</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Treasury Shares	Total
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2019	\$ 5,575,899	\$ 795,148	\$ 1,052,912	\$ 253,675	\$ 2,952,758	\$ (273,183)	\$ (34,308)	\$ (50,999)	\$ 10,271,902
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	23,717	-	(23,717)	-	-
Other changes in capital surplus									
Cash dividends received by subsidiaries from parent company	-	8,836	-	-	-	-	-	-	8,836
Appropriation of 2018 earnings									
Legal reserve	-	-	295,245	-	(295,245)	-	-	-	-
Special reserve	-	-	-	53,817	(53,817)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(2,230,684)	-	-	-	(2,230,684)
Net profit for the year ended December 31, 2019	-	-	-	-	4,950,495	-	-	-	4,950,495
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	528	(219,425)	12,389	-	(206,508)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	4,951,023	(219,425)	12,389	-	4,743,987
Share-based payment arrangements	4,615	1,731	-	-	-	-	-	-	6,346
BALANCE AT DECEMBER 31, 2019	5,580,514	805,715	1,348,157	307,492	5,347,752	(492,608)	(45,636)	(50,999)	12,800,387
Other changes in capital surplus									
Cash dividends received by subsidiaries from parent company	-	15,683	-	-	-	-	-	-	15,683
Appropriation of 2019 earnings									
Legal reserve	-	-	495,049	-	(495,049)	-	-	-	-
Special reserve	-	-	-	230,752	(230,752)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,462,734)	-	-	-	(3,462,734)
Net profit for the year ended December 31, 2020	-	-	-	-	5,048,353	-	-	-	5,048,353
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(3,907)	38,269	26,754	-	61,116
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	5,044,446	38,269	26,754	-	5,109,469
Share-based payment arrangements	14,050	3,485	-	-	-	-	-	-	17,535
BALANCE AT DECEMBER 31, 2020	\$ 5,594,564	\$ 824,883	\$ 1,843,206	\$ 538,244	\$ 6,203,663	\$ (454,339)	\$ (18,882)	\$ (50,999)	\$ 14,480,340

The accompanying notes are an integral part of the financial statements.

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,105,233	\$ 5,801,530
Adjustments for:		
Depreciation	399,201	261,001
Amortization	35,318	27,855
Expected credit loss	9,934	-
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(10,968)	15,295
Finance costs	28,635	13,213
Interest income	(61,338)	(69,311)
Dividend income	(8,138)	(8,937)
Dividends received from investments accounted for using equity method	513,662	501,891
Share of profit of subsidiaries and associates	(340,197)	(1,176,626)
Gain on disposal of property, plant and equipment	(326)	(806)
Loss on disposal of subsidiary	-	49
(Reversal) write-downs of inventories	(36,410)	125,778
Unrealized (realized) gain on transactions with subsidiaries	189,840	(101,255)
Unrealized (gain) loss on foreign currency exchange	(46,734)	110,869
Amortization of grant revenue	(10,761)	-
Loss on lease modification	-	231
Changes in operating assets and liabilities		
Notes and trade receivables, net	(2,255,387)	1,148,715
Trade receivables from related parties	(817,980)	(373,633)
Other receivables	(215,102)	(4,744)
Other receivables from related parties	584,030	209,426
Inventories	(344,435)	(1,517,625)
Prepayments	(30,647)	(5,929)
Other current assets	(4,527)	(2,557)
Contract liabilities	371,630	211,684
Trade payables	981,266	1,846,327
Trade payables to related parties	(1,830,862)	(288,686)
Other payables	304,064	1,386,399
Other payables to related parties	(14,116)	(37,665)
Provisions	36,844	(99,172)
Refund liabilities	13,426	(20,190)
Net defined benefit liabilities	(1,601)	(532)
Cash generated from operations	3,543,554	7,952,595
Interest paid	(13,225)	(13,152)
Income tax paid	(539,809)	(446,081)
Net cash generated from operating activities	<u>2,990,520</u>	<u>7,493,362</u>

(Continued)

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (1,041)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	35,857
Purchase of financial assets at amortized cost	(9,608,934)	(4,087,480)
Proceeds from sale of financial assets at amortized cost	10,887,962	-
Purchase of financial assets at fair value through profit or loss	(3,890,000)	(2,260,000)
Proceeds from sale of financial assets at fair value through profit or loss	2,294,973	1,946,764
Net cash outflow on acquisition of subsidiaries	-	(35,316)
Net cash inflow on disposal of subsidiaries	-	5
Acquisition of property, plant and equipment	(526,466)	(651,528)
Proceeds from disposal of property, plant and equipment	1,056	1,029
Increase in refundable deposits	(17,776)	(11,762)
Acquisition of intangible assets	(56,988)	(44,733)
Interest received	68,279	56,892
Dividends received	8,138	8,937
Net cash used in from investing activities	<u>(839,756)</u>	<u>(5,042,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	2,700,000	100,000
Repayments of short-term borrowings	(2,700,000)	(100,000)
Proceeds from long-term borrowings	345,000	1,073,000
Repayments of long-term borrowings	(100,000)	(100,000)
Guarantee deposits refunded	-	(10)
Repayment of the principal portion of lease liabilities	(99,095)	(73,934)
Dividends paid to owners of the Company	(3,462,734)	(2,230,684)
Employee share options	17,535	6,346
Net cash used in financing activities	<u>(3,299,294)</u>	<u>(1,325,282)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>68,906</u>	<u>(250,999)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,079,624)</b>	<b>874,705</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>3,382,500</b></u>	<u><b>2,507,795</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 2,302,876</b></u>	<u><b>\$ 3,382,500</b></u>

The accompanying notes are an integral part of the financial statements. (Concluded)

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Accton Technology Corporation

**Opinion**

We have audited the accompanying consolidated financial statements of Accton Technology Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

**Revenue recognition**

For the year ended December 31, 2020, the Group's net operating revenue was NT\$54,462,872 thousand. Refer to Notes 4 and 24 to the consolidated financial statements for detailed information on accounting policies on revenue.

We evaluated the operating revenue of some of the major customers of the Company and its subsidiaries,

which have grown significantly compared to 2019. Therefore, we considered the occurrence of operating revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

In response to the above key audit matter, we performed the following procedures:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.
2. We selected appropriate samples from sales and inspected that purchase orders and delivery orders were consistent with invoices.
3. We selected samples of revenue details and confirmed that actual receipts and certificate of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

### **Other Matter**

We have also audited the parent company only financial statements of the Group as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such

communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Yu Feng Huang.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2021

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019		LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 4,894,509	16	\$ 6,221,855	21	Contract liabilities - current (Notes 4 and 24)	\$ 958,519	3	\$ 592,137	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	2,413,955	8	315,232	1	Trade payables	8,639,267	28	9,935,396	34
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	192,943	1	173,445	1	Bonuses to employees and directors (Note 25)	1,031,443	3	980,731	3
Financial assets at amortized cost - current (Notes 4, 9 and 32)	3,197,704	10	4,288,364	14	Payables to machinery and equipment	104,220	-	129,601	1
Notes and trade receivables, net (Notes 4, 5 and 10)	8,847,386	28	6,968,202	24	Other payables (Note 20)	2,420,184	8	2,587,222	9
Trade receivables from related parties (Notes 4, 5 and 33)	376	-	2,858	-	Other payables to related parties (Note 33)	1,867	-	2,270	-
Other receivables (Notes 4, 10 and 26)	337,084	1	143,217	-	Current tax liabilities (Notes 4 and 26)	1,349,251	4	779,000	3
Other receivables from related parties (Notes 4 and 33)	9,815	-	10,558	-	Provisions - current (Notes 4 and 21)	84,389	-	45,966	-
Inventories (Notes 4, 5 and 11)	8,179,022	26	8,716,933	30	Lease liabilities - current (Notes 4 and 15)	170,641	1	129,095	-
Prepayments (Note 18)	356,477	1	183,710	1	Deferred revenue - current (Notes 19 and 29)	11,075	-	8,317	-
Other current assets	11,030	-	24,160	-	Refund liabilities - current (Note 24)	60,601	-	48,113	-
<b>Total current assets</b>	<b>28,440,301</b>	<b>91</b>	<b>27,048,534</b>	<b>92</b>	<b>Total current liabilities</b>	<b>14,831,457</b>	<b>47</b>	<b>15,237,848</b>	<b>52</b>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	136,757	1	186,740	1	Long-term borrowings (Notes 19 and 29)	1,163,470	4	920,639	3
Financial assets at amortized cost (Notes 4, 9 and 32)	-	-	30,292	-	Lease liabilities - non-current (Notes 4 and 15)	566,944	2	471,466	2
Investments accounted for using the equity method (Notes 4 and 13)	12,929	-	14,369	-	Deferred revenue - non-current (Notes 19 and 29)	48,094	-	44,044	-
Property, plant and equipment (Notes 4 and 14)	1,502,317	5	1,324,280	5	Net defined benefit liabilities - non-current (Notes 4 and 22)	29,115	-	27,433	-
Right-of-use assets (Notes 4 and 15)	740,798	3	610,721	2	Guarantee deposits (Note 32)	816	-	4,414	-
Goodwill (Notes 4 and 16)	1,930	-	1,930	-	Other non-current liabilities	-	-	12,266	-
Intangible assets (Notes 4 and 17)	74,442	-	53,527	-	<b>Total non-current liabilities</b>	<b>1,808,439</b>	<b>6</b>	<b>1,480,262</b>	<b>5</b>
Deferred tax assets (Notes 4 and 26)	78,510	-	50,438	-	<b>Total liabilities</b>	<b>16,639,896</b>	<b>53</b>	<b>16,718,110</b>	<b>57</b>
Prepayments for equipment	21,856	-	93,156	-	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)</b>				
Refundable deposits (Note 32)	66,427	-	45,334	-	Share capital				
Other non-current assets (Notes 18 and 34)	46,702	-	61,766	-	Ordinary shares	5,594,564	18	5,580,514	19
<b>Total non-current assets</b>	<b>2,682,668</b>	<b>9</b>	<b>2,472,553</b>	<b>8</b>	Capital surplus	824,883	3	805,715	3
<b>TOTAL</b>	<b>\$ 31,122,969</b>	<b>100</b>	<b>\$ 29,521,087</b>	<b>100</b>	Retained earnings				
					Legal reserve	1,843,206	6	1,348,157	4
					Special reserve	538,244	2	307,492	1
					Unappropriated earnings	6,203,663	20	5,347,752	18
					Total retained earnings	8,585,113	28	7,003,401	23
					Other equity	(473,221)	(2)	(538,244)	(2)
					Treasury shares	(50,999)	-	(50,999)	-
					<b>Total equity attributable to owners of the Company</b>	<b>14,480,340</b>	<b>47</b>	<b>12,800,387</b>	<b>43</b>
					<b>NON-CONTROLLING INTERESTS (Notes 4 and 23)</b>	<b>2,733</b>	<b>-</b>	<b>2,590</b>	<b>-</b>
					<b>Total equity</b>	<b>14,483,073</b>	<b>47</b>	<b>12,802,977</b>	<b>43</b>
					<b>TOTAL</b>	<b>\$ 31,122,969</b>	<b>100</b>	<b>\$ 29,521,087</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 54,462,872	100	\$ 55,401,047	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 33)	<u>42,908,810</u>	<u>79</u>	<u>44,402,285</u>	<u>80</u>
GROSS PROFIT	<u>11,554,062</u>	<u>21</u>	<u>10,998,762</u>	<u>20</u>
OPERATING EXPENSES (Notes 4, 10, 22 and 25)				
Selling and marketing	1,498,120	3	1,521,790	3
General and administrative	1,492,319	2	1,446,130	3
Research and development	2,163,639	4	1,993,443	3
Expected credit gain	<u>(2,679)</u>	<u>-</u>	<u>(2,584)</u>	<u>-</u>
Total operating expenses	<u>5,151,399</u>	<u>9</u>	<u>4,958,779</u>	<u>9</u>
OPERATING INCOME	<u>6,402,663</u>	<u>12</u>	<u>6,039,983</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 33)				
Interest income	90,044	-	99,913	-
Other income	156,016	-	123,961	-
Other gains and losses	(396,294)	(1)	(113,715)	-
Finance costs	(38,094)	-	(18,288)	-
Share of loss of associates	<u>(1,440)</u>	<u>-</u>	<u>(2,209)</u>	<u>-</u>
Total non-operating income and expenses	<u>(189,768)</u>	<u>(1)</u>	<u>89,662</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	6,212,895	11	6,129,645	11
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,164,255</u>	<u>2</u>	<u>1,180,073</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>5,048,640</u>	<u>9</u>	<u>4,949,572</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(3,907)	-	539	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	26,754	-	12,389	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>38,125</u>	<u>-</u>	<u>(222,617)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>60,972</u>	<u>-</u>	<u>(209,689)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,109,612</u>	<u>9</u>	<u>\$ 4,739,883</u>	<u>9</u>

(Continued)

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,048,353	9	\$ 4,950,495	9
Non-controlling interests	<u>287</u>	<u>-</u>	<u>(923)</u>	<u>-</u>
	<u>\$ 5,048,640</u>	<u>9</u>	<u>\$ 4,949,572</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,109,469	9	\$ 4,743,987	9
Non-controlling interests	<u>143</u>	<u>-</u>	<u>(4,104)</u>	<u>-</u>
	<u>\$ 5,109,612</u>	<u>9</u>	<u>\$ 4,739,883</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ <u>9.07</u>		\$ <u>8.91</u>	
Diluted	\$ <u>8.98</u>		\$ <u>8.76</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

## ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2019	\$ 5,575,899	\$ 795,148	\$ 1,052,912	\$ 253,675	\$ 2,952,758	\$ (273,183)	\$ (34,308)	\$ (50,999)	\$ 10,271,902	\$ 6,694	\$ 10,278,596
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	23,717	-	(23,717)	-	-	-	-
Other changes in capital surplus											
Cash dividends received by subsidiaries from parent company	-	8,836	-	-	-	-	-	-	8,836	-	8,836
Appropriation of 2018 earnings											
Legal reserve	-	-	295,245	-	(295,245)	-	-	-	-	-	-
Special reserve	-	-	-	53,817	(53,817)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(2,230,684)	-	-	-	(2,230,684)	-	(2,230,684)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	4,950,495	-	-	-	4,950,495	(923)	4,949,572
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	528	(219,425)	12,389	-	(206,508)	(3,181)	(209,689)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	4,951,023	(219,425)	12,389	-	4,743,987	(4,104)	4,739,883
Share-based payment arrangements	4,615	1,731	-	-	-	-	-	-	6,346	-	6,346
BALANCE AT DECEMBER 31, 2019	5,580,514	805,715	1,348,157	307,492	5,347,752	(492,608)	(45,636)	(50,999)	12,800,387	2,590	12,802,977
Other changes in capital surplus											
Cash dividends received by subsidiaries from parent company	-	15,683	-	-	-	-	-	-	15,683	-	15,683
Appropriation of 2019 earnings											
Legal reserve	-	-	495,049	-	(495,049)	-	-	-	-	-	-
Special reserve	-	-	-	230,752	(230,752)	-	-	-	-	-	-
Special reserve	-	-	-	-	(3,462,734)	-	-	-	(3,462,734)	-	(3,462,734)
Net profit for the year ended December 31, 2020	-	-	-	-	5,048,353	-	-	-	5,048,353	287	5,048,640
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(3,907)	38,269	26,754	-	61,116	(144)	60,972
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	5,044,446	38,269	26,754	-	5,109,469	143	5,109,612
Share-based payment arrangements	14,050	3,485	-	-	-	-	-	-	17,535	-	17,535
BALANCE AT DECEMBER 31, 2020	\$ 5,594,564	\$ 824,883	\$ 1,843,206	\$ 538,244	\$ 6,203,663	\$ (454,339)	\$ (18,882)	\$ (50,999)	\$ 14,480,340	\$ 2,733	\$ 14,483,073

The accompanying notes are an integral part of the consolidated financial statements.

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,212,895	\$ 6,129,645
Adjustments for:		
Depreciation	636,471	508,342
Amortization	38,527	30,980
Expected credit gain	(2,679)	(2,584)
Net loss on fair value changes of financial assets designated as at fair value through profit or loss	27,621	19,529
Finance costs	38,094	18,288
Interest income	(90,044)	(99,913)
Dividend income	(9,797)	(8,937)
Share of loss of associates	1,440	2,209
Loss (gain) on disposal of property, plant and equipment	878	(436)
Loss (gain) on disposal of subsidiaries	48	(3,337)
(Reversal) write-downs of inventories	(24,231)	28,819
Unrealized (gain) loss on foreign currency exchange	(69,700)	11,749
Amortization of grant revenue	(10,761)	(2,576)
(Gain) loss on lease modification	(39)	231
Changes in operating assets and liabilities		
Notes and trade receivables	(1,850,351)	931,985
Trade receivables from related parties	2,475	2,729
Other receivables	(204,239)	46,130
Other receivables from related parties	743	3,122
Inventories	562,142	(931,462)
Prepayments	(172,767)	(22,747)
Other current assets	13,130	(3,683)
Contract liabilities	366,382	210,123
Trade payables	(1,328,206)	1,293,711
Other payables	(69,229)	1,629,723
Other payables to related parties	(403)	(1,091)
Provisions	38,502	(98,575)
Refund liabilities	12,488	(80,317)
Net defined benefit liabilities	(2,225)	(634)
Cash generated from operations	4,117,165	9,611,023
Interest paid	(22,684)	(15,651)
Income tax paid	(622,076)	(984,135)
Net cash generated from operating activities	<u>3,472,405</u>	<u>8,611,237</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(1,041)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	35,857
Purchase of financial assets at amortized cost	(10,174,508)	(4,454,449)

(Continued)

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from sale of financial assets at amortized cost	\$ 11,292,639	\$ 392,904
Purchase of financial assets at fair value through profit or loss	(4,740,092)	(2,749,929)
Proceeds from sale of financial assets at fair value through profit or loss	2,663,731	2,434,334
Net cash outflow on disposal of subsidiaries	(3,747)	(45)
Acquisition of property, plant and equipment	(581,114)	(779,197)
Proceeds from disposal of property, plant and equipment	2,842	3,350
(Increase) decrease in refundable deposits	(21,093)	3,896
Acquisition of intangible assets	(59,415)	(50,261)
Proceeds from disposal of intangible assets	-	82
Decrease in other financial assets	15,064	4,556
Interest received	97,574	87,821
Dividends received	<u>9,797</u>	<u>8,937</u>
Net cash used in from investing activities	<u>(1,498,322)</u>	<u>(5,063,185)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	2,700,000	100,000
Repayments of short-term borrowings	(2,700,000)	(100,000)
Proceeds from long-term borrowings	345,000	1,073,000
Repayments of long-term borrowings	(100,000)	(100,000)
(Decrease) increase in guarantee deposits	(3,669)	3,658
Repayments of the principal portion of lease liabilities	(179,613)	(145,216)
Dividends paid to owners of the Company	(3,449,054)	(2,221,848)
Employee share options	<u>17,535</u>	<u>6,346</u>
Net cash used in financing activities	<u>(3,369,801)</u>	<u>(1,384,060)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>68,372</u>	<u>(237,953)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,327,346)	1,926,039
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>6,221,855</u>	<u>4,295,816</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,894,509</u>	<u>\$ 6,221,855</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

