

Accton Technology Corporation
2022 Annual Shareholders' Meeting Agenda



Convening method: physical shareholders meeting.

Meeting time: Jun. 16, 2022 (Thursday) 9:00 a.m.

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

Quorum : 524,066,220 shares were represented by shareholders in person and by proxy, which are mounted to 93.94% of the Company's 557,838,530 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 560,048,397).

Directors present : Lin, Meen-Ron 、 Du, Heng-Yi 、 Huang, Kuo-Hsiu 、 Huang, Shu-Chieh 、
Lee, Fa-Yauh 、
Hung, Yao-Chin, Attorney-at-law of Hong Young Law Office
Lin, Cheng-Chih, CPAs of Deloitte & Touche

Chairman : Lin, Meen-Ron

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 2021 business. (see Attachment I)
- (2) Report on the Company's 2021 Audit Committee's Review Report. (see Attachment II)
- (3) Report on the Company's 2021 employees compensation and directors remuneration distribution.

Explanation:

1. This proposal has been discussed and approved by the Remuneration Committee on 2022.03.09, according to the Articles of Incorporation to decided to the distribution of directors' remuneration and employees' profit sharing bonus.
2. The Company is expected to allocate NT \$ 713,872,292 to employees profit sharing bonus, and NT \$ 40,000,000 to directors remuneration.
3. All aforementioned bonus for employees and remuneration for directors shall be paid in cash; the receivers of bonus for employees shall include the employees of the

subordinated companies of the Company who meet certain conditions.

4.The distribution of employees' compensation and directors' remuneration were submitted to the shareholders' meeting after the adoption of the Board resolution on Mar. 17, 2022.

(4) Amendments to the Corporate Social Responsibility Best Practice Principles of the Company.

Explanation:

1.In accordance with Financial-Supervisory-Securities-Corporate Order Number 1100375814 dated November 25, 2021, issued by the FSC, the Company proposes to revise the name of “Corporate Social Responsibility Best Practice Principles” to “Sustainable Development Best Practice Principles” and amend relevant article contents so as to be in line with the global development trend and fulfill the goals of sustainable development.

2.The Corporate Social Responsibility Best Practice Principles before and after the amendment is as follows :

Accton Technology Corporation

Corporate Social Responsibility Best Practice Principles Before and After Revision

Comparison Tables

Article	Amended Clauses	Existing Clauses
Articles	<u>Sustainable Development</u> Best Practice Principles	Corporate Social Responsibility Best Practice Principles
1	In order to fulfill the Company’s corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has formulated the <u>Sustainable Development</u> Best Practice Principles (hereinafter referred to as “the Principles”) in accordance with the “ <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies” and other relevant laws and regulations.	In order to fulfill the Company’s corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has formulated the Corporate Social Responsibility Best Practice Principles (hereinafter referred to as “the Principles”) in accordance with the “ Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and other relevant laws and regulations.
2	The Principles is applicable to Accton Technology Corporation (hereinafter referred to as “the Company”) and its entire operating activities. The Company actively fulfills its	The Principles is applicable to Accton Technology Corporation (hereinafter referred to as “the Company”) and its entire operating activities. The Company actively fulfills its corporate

	sustainable development in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community, and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>sustainable development</u> .	social responsibility in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community, and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility .
3	In fulfilling <u>sustainable development</u> initiatives, the Company in its corporate management guidelines and business operations, gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance.	In fulfilling corporate social responsibility initiatives, the Company in its corporate management guidelines and business operations, gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance.
4	To implement <u>sustainable development</u> initiatives, the Company follows the principles below: I. Implement corporate governance. II. Foster a sustainable environment. III. Preserve public welfare. IV. Enhance disclosure of <u>sustainable development</u> information.	To implement corporate social responsibility initiatives, the Company follows the principles below: I. Implement corporate governance. II. Foster a sustainable environment. III. Preserve public welfare. IV. Enhance disclosure of corporate social responsibility information.
5	The Company takes into consideration the correlation between the development of domestic and international <u>sustainable development</u> principles and corporate core business operations, and the effect of the operation of the Company's and of its respective business group as a whole on stakeholders, in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> programs, which are approved by the board of directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving <u>sustainable development</u> , the Company's board of directors is advised to review and consider including it in the	The Company takes into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of the Company's and of its respective business group as a whole on stakeholders, in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which are approved by the board of directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving corporate social responsibility , the Company's board of directors is advised to review and consider including it in the shareholders' meeting agenda.

	shareholders' meeting agenda.	
7	<p>The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its <u>sustainable development</u> initiatives, examine the results of the implementation thereof from time to time, and continually make adjustments so as to ensure the thorough implementation of its <u>sustainable development</u> policies.</p> <p>The board of directors of the Company is advised to follow the matters below, in the Company's <u>promotion of sustainable development goals</u>:</p> <p>I. Identifying the company's <u>sustainable development</u> mission or vision, and declaring its <u>sustainable development</u> policy.</p> <p>II. Making <u>sustainable development</u> the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for <u>sustainable development</u> initiatives.</p> <p>III. Ensuring the timeliness and accuracy of the disclosure of corporate social responsibility information.</p> <p>(Omitted)</p>	<p>The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time, and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p> <p>The board of directors of the Company is advised to follow the matters below, in the Company's performance of its corporate social responsibility initiatives:</p> <p>I. Identifying the Company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy.</p> <p>II. Making corporate social responsibility the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives.</p> <p>III. Ensuring the timeliness and accuracy of the disclosure of corporate social responsibility information.</p> <p>(Omitted)</p>
8	<p>The Company, on a regular basis, organizes education and training on the implementation of <u>sustainable development</u> initiatives, and promotes the corporate social responsibility initiatives.</p>	<p>The Company, on a regular basis, organizes education and training on the implementation of corporate social responsibility initiatives, and promotes the corporate social responsibility initiatives.</p>
9	<p>For the purpose of managing <u>sustainable development</u> initiatives, the Company <u>establishes a sustainable development governance framework, and</u> an exclusive dedicated unit to be in charge of proposing and enforcing the <u>sustainable development</u> policies, systems, or relevant management guidelines, and concrete promotional plans and reports on the same to the board of directors on a periodic basis.</p> <p>The company adopts reasonable</p>	<p>For the purpose of managing corporate social responsibility initiatives, the Company establishes an exclusive dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and reports on the same to the board of directors on a periodic basis.</p> <p>The company adopts reasonable remuneration policies, to ensure that remuneration arrangements support the</p>

	remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with <u>sustainable development</u> policies, and that a clear and effective incentive and discipline system be established.	strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.
10	The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important <u>sustainable development</u> issues which they are concerned about.	The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.
12	The Company endeavors to <u>utilize energy</u> more efficiently <u>and</u> uses renewable materials which have a low impact on the environment to improve the sustainability of natural resources.	The Company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment to improve the sustainability of natural resources.
17	<p>The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of <u>acquired</u> electricity, heat, or steam.</p> <p>III. <u>Other indirect gas emissions: emissions from the Company's activities that are not indirect emissions from energy sources, but are from sources owned or controlled by other companies.</u></p> <p>(Omitted)</p>	<p>The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of <u>externally purchased</u> electricity, heat, or steam.</p> <p>(Omitted)</p>

Chapter	Chapter 5 Enhance disclosure of <u>corporate sustainable development</u> information	Chapter 5 Enhance disclosure of corporate social responsibility information
28	<p>The Company shall disclose information according to relevant laws, regulations, and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to its <u>sustainable development</u> initiatives to improve information transparency. Relevant information relating to <u>sustainable development</u> which the Company shall disclose includes:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u>, as resolved by the board of directors.</p> <p>II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</p> <p>III. Goals and measures for realizing the <u>sustainable development</u> initiatives established by the Company and performance <u>in promotion</u>.</p> <p>IV. Major stakeholders and their concerns.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to <u>sustainable development</u> initiatives.</p>	<p>The Company shall disclose information according to relevant laws, regulations, and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to its corporate social responsibility initiatives to improve information transparency. Relevant information relating to corporate social responsibility which the Company shall disclose includes:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility, as resolved by the board of directors.</p> <p>II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</p> <p>III. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.</p> <p>IV. Major stakeholders and their concerns.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to corporate social responsibility initiatives.</p>
29	<p>The Company shall adopt internationally widely recognized standards or guidelines when producing <u>sustainable development</u> reports, to disclose the status of its implementation of the <u>sustainable development</u> policy. The reports are advised to include:</p> <p>I. The policy, system, or relevant</p>	<p>The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of its implementation of the corporate social responsibility policy. The reports include:</p> <p>I. The policy, system, or relevant</p>

	<p>management guidelines and concrete promotion plans for implementing <u>sustainable development</u> initiatives.</p> <p>II. Major stakeholders and their concerns.</p> <p>III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>IV. Future improvements and goals.</p>	<p>management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.</p> <p>II. Major stakeholders and their concerns.</p> <p>III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>IV. Future improvements and goals.</p>
30	<p>The Company shall at all times monitor the development of domestic and foreign <u>sustainable development</u> standards and the change of business environment so as to examine and improve their established <u>sustainable development</u> framework and to obtain better results from the implementation of the <u>sustainable development</u> policy.</p>	<p>The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.</p>
32	<p>The Principles are formulated on 23 December 2015. <u>First amendment was made on March 17, 2022.</u></p>	<p>The Principles are formulated on 23 December 2015.</p>

(Questions raised by the shareholders number 11601 related to revenue and operation direction 、 product development progress 、 gross profit margin forecast 、 inventory allowance 、 issuance of restricted stock awards and transferable corporate bonds proposal 、 audit committee operations 、 investment in unlisted companies and the basis for stock valuation 、 related party transaction 、 government grants 、 land and building discount rates. Regarding the questions and relevant suggestions by the shareholder, Chairman or the designated person are fully explained in detail in the meeting.)

II. Proposals

Case 1 [Proposed by the Board of Directors]

Proposal: Adoption of the 2021 Business Report and Financial Statements of the Company.

Explanation:

- 1.The Company's 2021 Business Report and Financial Statements were audited by Cheng-Chih Lin and Ming- Yuan Chung, CPAs of Deloitte & Touche, and reviewed by the Audit Committee and approved by the Board of Directors on Mar. 17, 2022.
- 2.the 2021 Business Report, Independent Auditors' Report, and Financial Statements were attached hereto as Attachments I and III.
- 3.Please adopt the proposal

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	474,739,406 votes (90.58 % of the total voting rights)
Votes against :	3,782 votes
Votes invalid :	0 votes
Votes abstained :	49,323,032 votes

Case 2 [Proposed by the Board of Directors]

Proposal: Adoption of the proposal for distribution of 2021 earnings of the Company.

Explanation: According to the Articles of Association, the distribution of earnings for 2021 is set out below:

1. The Undistributed earnings of Previous Years was NT\$2,127,703,162,the net profit after-tax of the Company for 2021 was NT\$4,705,059,478, the re-measurement of defined benefit plan recognized in the retained earnings was NT\$ (1,527,439) and disposal of investments in equity instruments at fair value through other comprehensive income was NT\$ 3,599,800.
2. In accordance with the law, 10% was appropriated for statutory surplus reserve of NT\$ (470,713,184) and special surplus reserve of NT\$(21,319,756). The distributable earnings of this period was NT\$6,342,802,061 (detailed in the following surplus distribution table.
3. Considering the capital requirement of expanding production capacity by building Zhubei AI Industrial Park, it is proposed to issue a cash dividend of NT\$3,359,576,382, with a cash dividend of NT\$6 per share, and the undistributed surplus will be NT\$2,983,225,679 after the distribution

at the end of the period.

4. The shareholders' dividend 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 stock option 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 distribution, and the chairman is authorized to distribute the part of the cash dividend which is less than NT\$1 shall be transferred to the employee welfare committee of the Company.
6. The proposal has been discussed and approved by the Audit Committee and approved by the Board of Directors in accordance with the law and will be submitted to the Shareholders' Meeting for adoption.
7. Please adopt this proposal.

Accton Technology Corporation

2021 Earning Distribution Proposal

Unit:NT\$

Undistributed earnings of Previous Years		2,127,703,162
Add:		
Remeasurement of defined benefit Obligation	(1,527,439)	
Disposal of Investments in Equity Instruments at Fair Value through other Comprehensive Income	3,599,800	
Net Income of 2021	4,705,059,478	
Undistributed earnings for the Current Period		6,834,835,001
Less :		
10% Legal reserve	(470,713,184)	
Special reserve	(21,319,756)	
Distributable earnings for the current period		6,342,802,061
Distribution item :		
Shareholders' dividends — Cash (NT\$6.0 per share)	3,359,576,382	
Unappropriated retained earnings at the end of period		2,983,225,679

Chairman: Kuan Xin Investment Corp.
Representative: Lin, Meen-Ron

Manager:
Edgar Masri

Accounting Supervisor:
Chen, Fang-I

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	474,948,254 votes (90.62 % of the total voting rights)
Votes against :	6,886 votes
Votes invalid :	0 votes
Votes abstained :	49,111,080 votes

III. Discussions

Case 1 [Proposed by the Board of Directors]

Proposal: Amendments to the Articles of Association of the Company.

Explanation:

- I. In order to allow more flexibility to the ways of the convening of shareholders' meetings, the Company clearly specifies in the Articles of Incorporation, stipulating that shareholders' meetings may be convened in means of visual communication or other methods announced by the central competent authority in accordance with Article 172-2 Paragraph 1 of the Company Act. Thus, the Company amends part of the articles in its "Articles of Incorporation.
- II. The comparison of the Articles of Association before and after the amendment is as follows :

Accton Technology Corporation

Comparison Table of Amended Provisions of Articles of Association

Article No.	Amended Provision	Current Provision	Explanatory Notes
6-4	<u>The Company's transfer of bought-back shares, employees' subscription of new shares and the Company's share subscription warrant and restricted shares may be issued to employees of the parent or subsidiaries of the Company meeting certain specific requirements, and such requirements shall be determined by the Board of Directors.</u>	Newly added	Pursuant to the Company Act, the Articles of Incorporation shall specify that the employees receiving the employees' compensation shall include those of the parent or subsidiaries of the company.

11-1	<u>When the Company holds a shareholders' meeting, the meeting may be held in means of visual communication, or other methods announced by Ministry of Economic Affairs.</u>	<u>Newly added</u>	In response to amendment of related regulations
18	If the Company has gained profits within a fiscal year, 1% to 11.25% of the profits shall be reserved as the employees' compensation to employees <u>of the parent or subsidiaries</u> of the Company meeting certain specific requirements, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. The Company may, upon resolution by the Board of Directors, reserve no more than 1.5% of the aforesaid profit as directors' compensation. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios.	If the Company has gained profits within a fiscal year, 1% to 11.25% of the profits shall be reserved as the employees' compensation to employees of the Company meeting certain specific requirements, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. The Company may, upon resolution by the Board of Directors, reserve no more than 1.5% of the aforesaid profit as directors' compensation. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios.	Pursuant to the Company Act, the Articles of Incorporation shall specify that the employees receiving the employees' compensation shall include those of the parent or subsidiaries of the company.
21 The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. <u>The 36th amendment was on June 16, 2022.</u> The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018.	Added the date of the latest amendment

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	465,252,702 votes (88.77 % of the total voting rights)
Votes against :	7,594,564 votes
Votes invalid :	0 votes
Votes abstained :	51,218,954 votes

Case 2 [Proposed by the Board of Directors]**Proposal:** Amendments to the Rules of Procedure for Shareholders' Meetings of the Company.**Explanation:**

- I. In accordance with Financial-Supervisory-Securities-Corporate Order Number 1110380914 dated March 4, 2022, issued by FSC, public companies are authorized to convene shareholders' meetings in means of visual communication in response to Article 172-2 of the Company Act. Thus, the Company added relevant regulations regarding visual communication in shareholders' meetings. Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings."
- II. The Rules of Procedure for Shareholders' Meetings before and after the amendment is as follows :

Accton Technology Corporation**Comparison Table of Amended Provisions of Rules of Procedure for Shareholders' Meetings**

Article No.	Amended Provision	Article No.	Current Provision
3	<p>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting.</p> <p>When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	3	<p>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting.</p> <p>When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>

	<p><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting via visual communication network, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		
4	<p>The venue for a shareholders' meeting shall be at the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.</p> <p><u>The aforementioned requirements on meeting venues are not applicable to meetings held via visual communication network.</u></p>	4	<p>The venue for a shareholders' meeting shall be at the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.</p>
5	<p>The Company shall indicate on the meeting notice the check-in time and location for <u>shareholders, solicitors, and proxies (hereinafter collectively referred to as "shareholders")</u>, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p><u>For meetings held via visual communication network, the shareholder attendance registrations will be accepted at least 30 minutes prior to the time the meeting commences on the video conferencing platforms, and shareholders who completed the registration shall be deemed as attending in person.</u></p> <p>Shareholders shall attend shareholders' meetings with attendance cards, sign-in cards, or other certificates of attendance.</p>	5	<p>The Company shall indicate on the meeting notice the check-in time and location and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders and their proxies (hereafter collectively referred to as "shareholders") shall attend shareholders' meetings with attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall provide attending shareholders with the meeting agenda book, annual report, attendance card, speaker's</p>

	<p>Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall provide attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>For meetings held via visual communication network, if shareholders intend to participate via visual communication network, they shall sign up with the Company 2 days prior to the shareholders' meeting.</u></p> <p><u>For meetings held via visual communication network, the meeting handbook, annual reports, and other relevant documents shall be uploaded onto the shareholders' video conferencing platforms at least 30 minutes prior to the time the meeting commences and shall be kept disclosed until the meeting adjournment.</u></p>
<p>5-1</p> <p><u>When convening shareholders' meetings via visual communication network, the Company shall state the following matters in the shareholders meeting notices:</u></p> <p>I. <u>Methods for shareholders to participate in meetings held via visual communication network and exercise rights.</u></p> <p>II. <u>The following matters shall be</u></p>	<p>slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p>Newly added</p>

	<p><u>coped with when there is a problem with the visual communication network for meetings or participating via visual communication network due to natural disasters, incidents or other force majeure events:</u></p> <p>(I) <u>The time to determine postponed and continued meetings due to the foregoing problems which cannot be solved, and the date for convening such postponed and continued meetings as required.</u></p> <p>(II) <u>Shareholders who have not registered to attend in the original shareholders' meeting via visual communication network shall not attend in the postponed and continued meetings.</u></p> <p>(III) <u>When a meeting is held via visual communication network, if a continued meeting cannot be held, the meeting shall continue after deducting the number of shares of shareholders who attend the meeting via visual communication network and when the total number of attending shares reaches the legal quota for the meeting. For shareholders who attend the meeting via visual communication network, their shares shall be counted in the total number of attending shares, provided that all the resolutions of such shareholders' meeting shall be deemed as waiver.</u></p> <p>(IV) <u>Where all motions have been declared without provisional</u></p>		
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	<p><u>motion, the manner in which they are handled.</u></p> <p>III. <u>For meetings held via visual communication network, appropriate alternative plans to shareholders with difficulties in participate meetings via visual communication network shall be stated.</u></p>		
7	<p>The Company shall make an audio and video recording of the entire shareholders' meeting, and retain it for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, it shall be retained until the conclusion of the litigation.</p> <p><u>For meetings held via visual communication network, the Company shall record make and keep a record of the shareholder registration, meeting sign-ups, attendance registration, questions, voting, and vote counting results. Also, the Company shall keep uninterrupted audio and video recordings of the entire meeting procedure.</u></p> <p><u>The aforementioned audio and video recordings shall be retained for the duration of the existence of the Company, and provide the audio and video recordings to the meeting agencies for retention.</u></p> <p><u>For meetings held via visual communication network, the Company shall make records and video the background operation interface of the meeting platform.</u></p>	7	<p>The Company shall make an audio and video recording of the entire shareholders' meeting, and retain it for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, it shall be retained until the conclusion of the litigation.</p>
8	<p>Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book, sign-in cards handed in, <u>and the sign-up records on the video conferencing platforms</u> plus the number of shares whose voting rights are exercised by correspondence or</p>	8	<p>Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>If the chair does not accept the shareholder's proposal to count the number of attendees,</p>

<p>electronically. If the chair does not accept the shareholder's proposal to count the number of attendees, the motion is deemed to have passed if a statutory number is reached during the vote.</p> <p>If the chair does not accept the shareholder's proposal to count the number of attendees, the motion is deemed to have passed if a statutory number is reached during the vote.</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>For meetings held via visual communication network, the adjournment of the meeting shall be announced separately on the video conferencing platforms.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.<u>For meetings held via visual communication network, if shareholders intend to participate via visual communication network, they shall sign up again with the Company in accordance with the Rules.</u></p>	<p>the motion is deemed to have passed if a statutory number is reached during the vote. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>
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	When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.		
9	<p>If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. <u>The motions (including special motions or amended motions) shall be passed one at a time, and</u> the meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.</p> <p>If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, <u>and allow sufficient time for voting.</u></p>	9	<p>If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>
10	Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her	10	Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account

<p>shareholder account number (or attendance card number) and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or designate a relevant member of personnel to respond.</p> <p><u>For meetings held via visual communication network, attending shareholders may raise questions in writing on the video conferencing platforms after the meeting is called to order and before the meeting is adjourned. No more than 2 questions may be raised for each motion, and each question shall not exceed 200 characters, and shall not be subject to paragraphs 1 through 5.</u></p> <p><u>If the aforementioned questions do not violate the rules or exceed the scope of</u></p>	<p>number (or attendance card number) and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or designate a relevant member of personnel to respond.</p>
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	<u>the agenda item, it is advised to disclose them on the video conferencing platforms for everyone's information.</u>		
12	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or shall be recused, or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>When the Company holds a shareholders' meeting, <u>the shareholders shall exercise voting rights by correspondence or electronic means.</u> When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting are deemed to have been waived. <u>Therefore, it is advised to refrain from proposing extraordinary motions, or amendments to original motions.</u></p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person <u>or via visual communication network</u>, a written declaration of intent to retract the voting rights already exercised under the</p>	12	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or shall be recused, or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>When the Company holds a shareholders' meeting and allows the shareholders to exercise voting rights by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting are deemed to have been waived.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised</p>

<p>preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act, the Company's articles of association, and relevant laws and regulations, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS).</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all</p>	<p>voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Voting rights exercised by correspondence or electronic means shall be tallied and verified before the shareholders' meeting is convened.</p> <p>The Company adopting exercising of voting rights by correspondence or electronic means shall compile a statistical statement of the number of shares of shareholders represented in writing or electronic means on the day when the shareholders' meeting is convened, and disclose the statistics clearly at the shareholders' meeting venue.</p> <p>Except as otherwise provided in the Company Act, the Company's articles of association, and relevant laws and regulations, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS).</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. Vote monitoring and counting personnel for the voting on a proposal shall be appointed</p>
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<p>monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results and the number of votes, including weights, shall be announced on-site immediately and recorded.</p> <p><u>For meetings held via visual communication network, shareholders attending via visual communication network shall vote on all motions and election motions through the meeting platform after the chairman declares the opening of meeting, and shall complete the voting before the chairman declares the end of voting. Any delay shall be deemed as abstaining from voting.</u></p> <p><u>For meetings held via visual communication network, after the announcement of voting procedure by the chair, a single vote counting shall be conducted and the results of the voting or election shall be announced.</u></p> <p><u>For physical meetings held with visual communication network, if the shareholders, solicitor, or proxies who have signed up for attendance via visual communication network in accordance with the Rules intend to attend the meeting in person, they shall cancel the signing-up in the same manner as the sign-up process 2 days before the meeting date. If the cancellation is completed after that time, the shareholders, solicitors, or proxies may only attend the meetings via visual communication network.</u></p> <p><u>Shareholders, solicitors, or proxies who are attending the meeting via visual communication network, and do not cancel their intention of exercising voting rights by correspondence or electronic means, except for</u></p>	<p>by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results and the number of votes, including weights, shall be announced on-site immediately and recorded.</p>
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	<u>extraordinary motions, they shall not exercise their voting rights on the scheduled motions, propose amendments to the motions, or exercise their voting rights on amended motions.</u>		
14	<p><u>Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes mentioned in the preceding paragraph by means of a public announcement made through the MOPS.</u></p> <p><u>The meeting minutes shall accurately record the year, month, day, and meeting venue, the chair's full name, the methods by which resolutions were adopted, and a summary of the meeting proceeding, and the voting results (including weights), and in case of elections, the number of weighted votes shall be disclosed. The aforementioned meeting minutes shall be retained for the duration of the existence of the Company.</u></p> <p><u>For meetings held via visual communication network, besides the records as required in the preceding paragraph, the minutes shall also include the starting and ending time of the meetings, convening method of the meetings, full names of the chair and minute-taker(s), and the handling methods and the handling process in case of disruption to the video conferencing platforms or participation under the circumstances of calamities, incidents, or force majeure.</u></p> <p><u>When holding meetings via visual communication network, the Company shall carry out in accordance with the provisions of the preceding paragraph</u></p>		Newly added

	<u>and provide appropriate alternative plans to shareholders with difficulties in attending meetings via visual communication network in the minute book.</u>		
<u>15</u>	<p><u>The Company shall compile in the prescribed format a statistical statement of the number of the shares obtained by solicitors through solicitation, the number of shares represented by proxies, the number of shares attending by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. For meetings held via visual communication network, the aforementioned documents shall be uploaded onto the shareholders' video conferencing platforms at least 30 minutes prior to the time the meeting commences and shall be kept disclosed until the meeting adjournment.</u></p> <p><u>When the Company convenes a meeting via visual communication network, the number of attending shares shall be disclosed on the video conferencing platforms when the meeting is called to order. The number of attending shares recorded during the proceeding of the meeting shall also be disclosed.</u></p> <p><u>If matters put to a resolution at a shareholders' meeting constitute material information identified by the laws and regulations, Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</u></p>		Newly added
<u>16</u>	<u>Renumbered</u>	<u>14</u>	<p>Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an</p>

		<p>identification card or armband bearing the word "Proctor."</p> <p>At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</p> <p>When a shareholder violates the rules of procedure and defies the chair's correction, obstructs the proceedings, and refuses to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder out from the venue of the meeting.</p>
<u>17</u>	<u>Renumbered</u>	<p>15</p> <p>When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</p> <p>If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.</p> <p>A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</p>
<u>18</u>	<u>For meetings held via visual communication network, the Company shall disclose the voting and election results on the video conferencing platforms immediately after the voting, and the results shall be kept disclosed for at least 15 minutes after the chair declares the meeting adjourned.</u>	Newly added
<u>19</u>	<u>When the Company convenes the meetings via visual communication network, the chair and the minute taker(s) shall be situated at the same location, and the chair shall announce the address of such location when the</u>	Newly added

	<u>meeting is called to order.</u>		
20	<p><u>For meetings held via visual communication network, the Company may provide connection testing for shareholders prior to the meetings, and provide relevant instant services before or during the meetings to resolve any connection or technical issues.</u></p> <p><u>For meetings held via visual communication network, when the meeting is called to order, the chair shall announce that of within five days of the new date for postponement or continual of meetings is not subject to Article 182 of the Company Act in circumstances where disruption to the video conferencing platforms or participation due to calamities, incidents, or force majeure occurs and lasts for more than 30 minutes before the chair declares meeting adjourned, unless postponement or continual of meetings are required in situations stipulated in Article 44-22, Paragraph 4 in the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For postponed or continued meetings mentioned in preceding paragraph, shareholders who have not registered to attend in the original shareholders' meeting via visual communication network shall not attend in the postponed and continued meetings.</u></p> <p><u>In the postponed or continued meetings mentioned in paragraph 2, for shareholders who have registered to attend the original shareholders' meeting via visual communication network and have completed registration, but have not attended the postponed or continued meetings, their number of shares and voting rights exercised at the original shareholders' meeting shall be counted in the total number of shares and voting rights of the shareholders present at the postponed or continued meetings.</u></p>		Newly added

<p><u>In the postponed, and continued meetings mentioned in paragraph 2, a new deliberation, or resolution is not required for completed voting, vote counting, and proposals whose voting results or list of elected directors are announced.</u></p> <p><u>For physical meetings held with visual communication network, in circumstances where the meetings are unable to be continued via visual communication network under the situations mentioned in Paragraph 2, the meeting may proceed and no postponement or continual of meetings are required if the statutory quorum is met after deducting the number of shares attending via visual communication network.</u></p> <p><u>In the event of continued meetings as mentioned in the preceding paragraph, if a shareholder attends the meeting via visual communication network, his shares shall be counted in the total number of attending shares, provided that all the resolutions of such shareholders' meeting shall be deemed as waiver.</u></p> <p><u>When the Company carries out postponement or continual of meetings in accordance with paragraph 2, the postponement or continual of meetings shall be carried out pursuant to Article 44-20 Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies. The Company shall conduct preliminary works in accordance with the original shareholders' meeting date and all rules and regulations.</u></p> <p><u>The postponement and continual of meetings shall be conducted in accordance with Paragraph 2, and pursuant to the period stated in the later part in the Article 12, and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for</u></p>		
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	<u>Attendance at Shareholder Meetings of Public Companies, Article 44-5, Paragraph 2, Article 44-15, Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u>		
<u>21</u>	<u>For meetings held via visual communication network, the Company shall provide appropriate alternative plans to shareholders with difficulties in attending meetings via visual communication network.</u>		
<u>22</u>	<u>Renumbered</u>	46	The Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.
<u>23</u>	First amendment made on May 27, 1996. Second amendment made on June 3, 2002. Third amendment made on June 9, 2006. Fourth amendment made on June 19, 2012. Fifth amendment made on June 13, 2014. Sixth amendment made on June 13, 2018. <u>Seventh amendment made on June 16, 2022.</u>	47	First amendment made on May 27, 1996. Second amendment made on June 3, 2002. Third amendment made on June 9, 2006. Fourth amendment made on June 19, 2012. Fifth amendment made on June 13, 2014. Sixth amendment made on June 13, 2018.

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	465,714,536 votes (88.86 % of the total voting rights)
Votes against :	7,132,564 votes
Votes invalid :	0 votes
Votes abstained :	51,219,120 votes

Case 3 [Proposed by the Board of Directors]

Proposal: Amendments to the Procedures for Acquisition and Disposal of Assets of the Company.

Explanation:

- I. Proposed to amend the procedures for the acquisition or disposal of assets of the company in accordance with Financial-Supervisory-Securities-Corporate Order No. 11103804655 issued by the Financial Supervisory Commission on Jan. 28, 2022.

II. The Procedures for Acquisition and Disposal of Assets Before and After Revision Comparison Tables is as follows :

Accton Technology Corporation
Procedures for Acquisition and Disposal of Assets Before and
After Revision Comparison Tables

Article	Amended Clauses	Existing Clauses
5	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters who provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements.</p> <p>I. No violation of the Securities and Exchange Law, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Commercial Accounting Act, or any fraud, breach of trust, embezzlement, forgery of a document or a business criminal act with a declaration of fixed-term imprisonment of not less than one year confirmed. Except for those who have completed the execution or who have completed the probation or have been pardoned for three years.</p> <p>II. The parties to the transaction shall not be related party or have material connections.</p> <p>III. If appraisal reports from at least two professional appraisal companies are needed by the Company, the professional appraisers or appraiser personnel shall not be related parties of each other or substantive related parties. When issuing an appraisal report or a written opinion, the personnel mentioned in the preceding paragraph shall <u>have it handled as the self-discipline standards of the Company's associations and the follow matters:</u></p> <p>I. Before accepting a case, one should carefully assess one's own professional competence, practical experience, and independence.</p> <p>II. When <u>executing</u> cases, the appropriate operating procedure should be properly</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters who provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements.</p> <p>I. No violation of the Securities and Exchange Law, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Commercial Accounting Act, or any fraud, breach of trust, embezzlement, forgery of a document or a business criminal act with a declaration of fixed-term imprisonment of not less than one year confirmed. Except for those who have completed the execution or who have completed the probation or have been pardoned for three years.</p> <p>II. The parties to the transaction shall not be related party or have material connections.</p> <p>III. If appraisal reports from at least two professional appraisal companies are needed by the Company, the professional appraisers or appraiser personnel shall not be related parties of each other or substantive related parties. When issuing an appraisal report or a written opinion, the personnel mentioned in the preceding paragraph shall act in accordance with the following matters:</p> <p>I. Before accepting a case, one should carefully assess one's own professional competence, practical experience, and independence.</p> <p>II. When inspecting cases, the appropriate operating procedure should be properly</p>

	<p>planned and implemented so as to form a conclusion and issue a report or a written opinion; accordingly, and the implemented procedure, collected information and conclusions shall be reported in detail in the working paper of the case.</p> <p>III. The <u>appropriateness</u> and reasonableness of the data sources, parameters and information used shall be assessed on a case-by-case basis as the basis for issuing appraisal reports or written opinions.</p> <p>IV. The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the <u>appropriateness and</u> reasonableness of the information used and the compliance with the relevant laws and regulations.</p>	<p>planned and implemented so as to form a conclusion and issue a report or a written opinion; accordingly, and the implemented procedure, collected information and conclusions shall be reported in detail in the working paper of the case.</p> <p>III. The integrity, accuracy and reasonableness of the data sources, parameters and information used shall be assessed on a case-by-case basis as the basis for issuing appraisal reports or written opinions.</p> <p>IV. The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the reasonableness and correctness of the information used and the compliance with the relevant laws and regulations.</p>
7-4	<p>IV. Appraisal report for real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or its right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (please refer to Appendix 1 for items to be recorded in the appraisal report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>	<p>IV. Appraisal report for real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or its right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (please refer to Appendix 1 for items to be recorded in the appraisal report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>

	<p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) If the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.</p>	<p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) If the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.</p>
8-4	<p>Obtaining expert opinion</p> <p>(I) The Company acquiring or disposing of securities of transaction amount</p>	<p>Obtaining expert opinion</p> <p>(I) The Company acquiring or disposing of securities of transaction amount</p>

	<p>exceeding 20% of the Company's paid-in capital or NT\$300 million shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.</p> <p>(II) If the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.</p>	<p>exceeding 20% of the Company's paid-in capital or NT\$300 million shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert, it shall be handled in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDE. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.</p> <p>(II) If the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.</p>
9	<p>Procedures for Handling Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance to Article 7, Article 8, Article 10 and this Article, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the Article 7, Article 8 and Article 10 if the transaction amount reaches 10% or more of the Company's total assets. The calculation of the transaction amount referred to in this Article shall be made in accordance with Article 11 herein. When making judgments on whether a trading counterparty is a related party or not, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Appraisal and operating procedures When the Company intends to acquire or</p>	<p>Procedures for Handling Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance to Article 7, Article 8, Article 10 and this Article, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the Article 7, Article 8 and Article 10 if the transaction amount reaches 10% or more of the Company's total assets. The calculation of the transaction amount referred to in this Article shall be made in accordance with Article 11 herein. When making judgments on whether a trading counterparty is a related party or not, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Appraisal and operating procedures When the Company intends to acquire or</p>

<p>dispose real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of other assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a trading counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) and Subparagraph (6) of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and the reasonableness of the fund's utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with Paragraph 1 of this Article.</p>	<p>dispose real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of other assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a trading counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) and Subparagraph (6) of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and the reasonableness of the fund's utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with Paragraph 1 of this Article.</p>
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<p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>When the Company or its subsidiaries that are not public companies in Taiwan involve in a transaction mentioned in Paragraph 1 and the transaction amount exceeds 10% of the total assets held by the Company, the Company shall report all information specified in Paragraph 1 to the shareholders meeting for approval and may only proceed to the signing of contracts or payments only after approval. However, the above shall not be subject to transactions between the Company and its subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in Paragraph 2 <u>and the preceding paragraph</u> of this Article shall be made in accordance with Article 30, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the shareholders' meeting and</u> the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>For the following transactions carried out between the Company and its parent company, its subsidiaries, or subsidiaries with 100% direct or indirect holding of the issued shares or total capital, the chairman may be authorized the right of prior resolution within a certain limit by the board of directors in accordance with Article 7, Paragraph 1, Subparagraph 3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and submit such proposal to the most recent board of directors meeting for recognition afterwards.</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets for business use.</p> <p>(II) Acquisition or disposal of real property</p>	<p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in Paragraph 2 of this Article shall be made in accordance with Article 30, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>For the following transactions carried out between the Company and its parent company, its subsidiaries, or subsidiaries with 100% direct or indirect holding of the issued shares or total capital, the chairman may be authorized the right of prior resolution within a certain limit by the board of directors in accordance with Article 7, Paragraph 1, Subparagraph 3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and submit such proposal to the most recent board of directors meeting for recognition afterwards.</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets for business use.</p> <p>(II) Acquisition or disposal of real property</p>
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<p>or right-of-use assets for business use. Where the position of independent director has been created in the Company, and when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to Paragraph 2 of this Article, each independent director's opinions shall be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. After the Audit Committee has been established in the Company, the matters for which Paragraph 2 of this Article requires recognition by the supervisors shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>The terms "all Audit Committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company shall evaluate the reasonableness of transaction costs by the following means in acquiring real property or right-of-use assets from a related party:</p> <p>1. Based upon the related party's transaction price plus necessary interest in funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial</p>	<p>or right-of-use assets for business use. Where the position of independent director has been created in the Company, and when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to Paragraph 2 of this Article, each independent director's opinions shall be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. After the Audit Committee has been established in the Company, the matters for which Paragraph 2 of this Article requires recognition by the supervisors shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>The terms "all Audit Committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company shall evaluate the reasonableness of transaction costs by the following means in acquiring real property or right-of-use assets from a related party:</p> <p>1. Based upon the related party's transaction price plus necessary interest in funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial</p>
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	<p>industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property, and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) The Company acquiring real property or right-of-use assets from a related party shall appraise the cost of the real property or right-of-use assets in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article and shall engage a certified public accountant to check the appraisal and render a specific opinion.</p> <p>(IV) When the Company acquires real property or right-of-use assets from a related party and the results of the Company's appraisal conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 3, Subparagraph (5) of this Article. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser and certified public</p>	<p>industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property, and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) The Company acquiring real property or right-of-use assets from a related party shall appraise the cost of the real property or right-of-use assets in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article and shall engage a certified public accountant to check the appraisal and render a specific opinion.</p> <p>(IV) When the Company acquires real property or right-of-use assets from a related party and the results of the Company's appraisal conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 3, Subparagraph (5) of this Article. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser and certified public</p>
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	<p>accountant, this restriction shall not apply:</p> <p>1. Where the related party acquires undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Transaction cases by unrelated parties within the preceding year involving other floors of the same property, neighboring, or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with real property trading or lease practices.</p> <p>2. Where the Company provides evidence that the real property bought, or right-of-use assets of real property acquired by lease from the related party has equivalent trading conditions with other non-related party's transaction cases in the neighborhood within one year and has similar size. Transaction cases for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced</p>	<p>accountant, this restriction shall not apply:</p> <p>1. Where the related party acquires undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Transaction cases by unrelated parties within the preceding year involving other floors of the same property, neighboring, or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with real property trading or lease practices.</p> <p>2. Where the Company provides evidence that the real property bought, or right-of-use assets of real property acquired by lease from the related party has equivalent trading conditions with other non-related party's transaction cases in the neighborhood within one year and has similar size. Transaction cases for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced</p>
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	<p>current value; transaction for similarly sized parcels in principle refers to transaction cases by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to one year from the actual date of acquisition of the real property or right-of-use assets.</p> <p>(V) Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 1 to 4, and Subparagraph 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken: The Company as well as public companies that use equity method to assess the investments to the Company, which has set aside a special reserve in the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or terminated with lease contract, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a</p>	<p>current value; transaction for similarly sized parcels in principle refers to transaction cases by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to one year from the actual date of acquisition of the real property or right-of-use assets.</p> <p>(V) Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 1 to 4, and Subparagraph 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken: The Company as well as public companies that use equity method to assess the investments to the Company, which has set aside a special reserve in the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or terminated with lease contract, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a</p>
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	<p>proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. After the establishment of the Audit Committee, the preceding paragraph of this Article shall be applicable mutatis mutandis to the independent directors of the Audit Committee.</p> <p>3. Actions taken pursuant to Items 1 and 2 of this subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) Where the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this Article pertaining to appraisal and operating procedures; and Subparagraphs (1) to (3) of Paragraph 3 of this Article pertaining appraisal of reasonableness of transaction cost do not apply:</p> <p>1. The related party acquired the real property or right-of-use assets through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.</p> <p>3. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>4. The Company and its parent company, subsidiaries, or subsidiaries indirectly holding 100% of the issued shares or total capital, acquire real property right-of-use assets for business use.</p> <p>(VII) When the Company obtains real</p>	<p>proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. After the establishment of the Audit Committee, the preceding paragraph of this Article shall be applicable mutatis mutandis to the independent directors of the Audit Committee.</p> <p>3. Actions taken pursuant to Items 1 and 2 of this subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) Where the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this Article pertaining to appraisal and operating procedures; and Subparagraphs (1) to (3) of Paragraph 3 of this Article pertaining appraisal of reasonableness of transaction cost do not apply:</p> <p>1. The related party acquired the real property or right-of-use assets through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.</p> <p>3. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>4. The Company and its parent company, subsidiaries, or subsidiaries indirectly holding 100% of the issued shares or total capital, acquire real property right-of-use assets for business use.</p> <p>(VII) When the Company obtains real</p>
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	property from a related party, it shall also comply with the Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.	property from a related party, it shall also comply with the Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.
10	<p>Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership</p> <p>In principle, the Company does not engage in any acquisition or disposal of membership. If the Company intends to acquire or dispose of membership in the future, it shall be submitted to the Board of Directors for approval before the establishment of corresponding appraisal and operating procedures.</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of intangible assets or right-of-use assets: Acquiring intangible assets or right-of-use assets shall be handled in accordance with the procurement process; for the amount of NT\$50 million or below, approval shall be obtained from the President; for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p> <p>(II) Procedures for acquisition of intangible assets or right-of-use assets: For disposal or sale of intangible assets or right-of-use assets, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price. For book value or appraised value of NT\$50 million or below, approval shall be obtained from the President; for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p> <p>II. Determination procedures for transaction terms</p> <p>(I) Where the Company acquires or disposes intangible assets or right-of-use assets and the transaction amount reaches 20% or more of the Company's</p>	<p>Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership</p> <p>In principle, the Company does not engage in any acquisition or disposal of membership. If the Company intends to acquire or dispose of membership in the future, it shall be submitted to the Board of Directors for approval before the establishment of corresponding appraisal and operating procedures.</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of intangible assets or right-of-use assets: Acquiring intangible assets or right-of-use assets shall be handled in accordance with the procurement process; for the amount of NT\$50 million or below, approval shall be obtained from the President; for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p> <p>(II) Procedures for acquisition of intangible assets or right-of-use assets: For disposal or sale of intangible assets or right-of-use assets, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price. For book value or appraised value of NT\$50 million or below, approval shall be obtained from the President; for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p> <p>II. Determination procedures for transaction terms</p> <p>(I) Where the Company acquires or disposes intangible assets or right-of-use assets and the transaction amount reaches 20% or more of the Company's</p>

	<p>paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>(II) In accordance with Article 6 of the Procedures.</p> <p>III. Implementing unit Acquiring and disposing of intangible assets shall be handled in accordance with the procedures stated in Paragraphs 1 and 2, and the head of the President's Office shall convene the relevant personnel for handling.</p>	<p>paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDE.</p> <p>(II) In accordance with Article 6 of the Procedures.</p> <p>III. Implementing unit Acquiring and disposing of intangible assets shall be handled in accordance with the procedures stated in Paragraphs 1 and 2, and the head of the President's Office shall convene the relevant personnel for handling.</p>
15	<p>Procedures for Public Disclosure of Information</p> <p>I. Items to be disclosed and disclosure standards</p> <p>(I) Acquisition or disposal of real property or right-of-use assets, or of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the prescribed procedures adopted by the Company.</p> <p>(IV) Where the acquisition or disposal of equipment or right-of-use assets for business use, and the trading</p>	<p>Procedures for Public Disclosure of Information</p> <p>I. Items to be disclosed and disclosure standards</p> <p>(I) Acquisition or disposal of real property or right-of-use assets, or of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the prescribed procedures adopted by the Company.</p> <p>(IV) Where the acquisition or disposal of equipment or right-of-use assets for business use, and the trading</p>

	<p>counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more. <p>(V) Where the Company operating construction business acquires or disposes of real property for construction use, and furthermore, the trading counterparty is not a related party, and the transaction amount is NT\$500 million or more.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds <u>or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.</u> 2. Securities traded by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of <u>foreign debentures or general bank debentures without equity</u> 	<p>counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more. <p>(V) Where the Company operating construction business acquires or disposes of real property for construction use, and furthermore, the trading counterparty is not a related party, and the transaction amount is NT\$500 million or more.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Securities traded by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of general bank debentures without equity characteristics that are offered and
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	<p>characteristics that are offered and issued in the domestic primary market, or subscription by securities firms as necessitated by its undertaking business, <u>or subscription or redemption of exchange traded note</u> or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p>	<p>issued in the domestic primary market, or subscription by securities firms as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p>	
3.	<p>Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	3.	<p>Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>
1.	<p>The amount of individual transaction.</p>	1.	<p>The amount of individual transaction.</p>
2.	<p>The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p>	2.	<p>The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p>
3.	<p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p>	3.	<p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p>
4.	<p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>	4.	<p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>
II.	<p>Timeline and format of public disclosure</p> <p>Where the Company acquires or disposes of assets with information and amount meeting the disclosure standards set out in this Article, it shall</p>	II.	<p>Timeline and format of public disclosure</p> <p>Where the Company acquires or disposes of assets with information and amount meeting the disclosure standards set out in this Article, it shall</p>

	<p>publicly announce and declare the relevant information within 2 days commencing immediately from the date of occurrence of the event.</p> <p>III. Public disclosure procedures</p> <p>(I) The Company shall publicly announce and report the relevant information on Securities and Futures Bureau, FSC's designated website.</p> <p>(II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic companies and enter the information in the prescribed format into the information reporting website designated by Securities and Futures Bureau, FSC by the 10th day of each month.</p> <p>(III) When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(IV) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions from certified public accountants, attorneys, and securities underwriters on its premises. They shall be retained for 5 years, except where another law or regulation provides otherwise.</p> <p>(V) When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced in accordance with this article, a public report of relevant information shall be made on the website designated by Securities and Futures Bureau, FSC within 2 days commencing immediately</p>	<p>publicly announce and declare the relevant information within 2 days commencing immediately from the date of occurrence of the event.</p> <p>III. Public disclosure procedures</p> <p>(I) The Company shall publicly announce and report the relevant information on Securities and Futures Bureau, FSC's designated website.</p> <p>(II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic companies and enter the information in the prescribed format into the information reporting website designated by Securities and Futures Bureau, FSC by the 10th day of each month.</p> <p>(III) When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(IV) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions from certified public accountants, attorneys, and securities underwriters on its premises. They shall be retained for 5 years, except where another law or regulation provides otherwise.</p> <p>(V) When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced in accordance with this article, a public report of relevant information shall be made on the website designated by Securities and Futures Bureau, FSC within 2 days commencing immediately</p>
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<p>from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Change, termination, or rescission of a contract signed regarding the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the original publicly announced and reported information. <p>IV. Public disclosure format</p> <p>(I)For disclosure of buying or selling securities of parent companies, subsidiaries, or related companies from domestic or overseas centralized market or Taipei Exchange, the format is as per Appendix 2.</p> <p>(II)For disclosure of acquisition of real property under an arrangement on engaging others to build on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the format is as per Appendix 3.</p> <p>(III)For disclosure of acquisition or disposal of real property and equipment, and acquisition of real property from related party, the format is as per Appendix 4.</p> <p>(IV)For disclosure of trading of securities, membership, intangible assets other than in centralized market or securities firm, and disposal of receivables by financial institution, the format is as per Appendix 5.</p> <p>(V)For disclosure of mainland China area investment, the format is as per Appendix 6.</p> <p>(VI)For public disclosure of derivatives trading to be made within 2 days counting inclusively from the date of occurrence of the event, the format is as per Appendix 7-1.</p> <p>(VII)For public disclosure of derivatives trading to be made by the 10th day of each month, the format is as per</p>	<p>from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Change, termination, or rescission of a contract signed regarding the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the original publicly announced and reported information. <p>IV. Public disclosure format</p> <p>(I)For disclosure of buying or selling securities of parent companies, subsidiaries, or related companies from domestic or overseas centralized market or Taipei Exchange, the format is as per Appendix 2.</p> <p>(II)For disclosure of acquisition of real property under an arrangement on engaging others to build on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the format is as per Appendix 3.</p> <p>(III)For disclosure of acquisition or disposal of real property and equipment, and acquisition of real property from related party, the format is as per Appendix 4.</p> <p>(IV)For disclosure of trading of securities, membership, intangible assets other than in centralized market or securities firm, and disposal of receivables by financial institution, the format is as per Appendix 5.</p> <p>(V)For disclosure of mainland China area investment, the format is as per Appendix 6.</p> <p>(VI)For public disclosure of derivatives trading to be made within 2 days counting inclusively from the date of occurrence of the event, the format is as per Appendix 7-1.</p> <p>(VII)For public disclosure of derivatives trading to be made by the 10th day of each month, the format is as per</p>
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	<p>Appendix 7-2. (VIII)For disclosure of merger, demerger, acquisition, or transfer of shares, the format is as per Appendix 8.</p>	<p>Appendix 7-2. (VIII)For disclosure of merger, demerger, acquisition, or transfer of shares, the format is as per Appendix 8.</p>
18	<p>Implementation and Amendment</p> <p>I. The Company's "Procedures for Acquisition and Disposal of Assets" and any amendments thereto, shall be submitted to the supervisors after passage by the Board of Directors, and reported at the shareholders' meeting for approval prior to its implementation. If any director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created by the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>After the Company established an Audit Committee, items that must be approved by supervisors according to Paragraph 1 shall first be approved by at least half of the Audit Committee members, and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee referred to in Paragraph 3 and all</p>	<p>Implementation and Amendment</p> <p>I. The Company's "Procedures for Acquisition and Disposal of Assets" and any amendments thereto, shall be submitted to the supervisors after passage by the Board of Directors, and reported at the shareholders' meeting for approval prior to its implementation. If any director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created by the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>After the Company established an Audit Committee, items that must be approved by supervisors according to Paragraph 1 shall first be approved by at least half of the Audit Committee members, and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee referred to in Paragraph 3 and all</p>

	directors referred to in the preceding paragraph shall be calculated by the actual incumbents.	directors referred to in the preceding paragraph shall be calculated by the actual incumbents.
II.	The 1st amendment of the Procedures was on May 5, 2003; the 2nd amendment was on June 15, 2007. The 3rd amendment was on June 4, 2010. The 4th amendment was on June 19, 2012. The 5th amendment was on June 18, 2013. The 6th amendment was on June 13, 2014. The 7th amendment was on June 15, 2017. The 8th amendment was on June 13, 2019. <u>The 9th amendment was on June 16, 2022.</u>	II. The 1st amendment of the Procedures was on May 5, 2003; the 2nd amendment was on June 15, 2007. The 3rd amendment was on June 4, 2010. The 4th amendment was on June 19, 2012. The 5th amendment was on June 18, 2013. The 6th amendment was on June 13, 2014. The 7th amendment was on June 15, 2017. The 8th amendment was on June 13, 2019.

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	473,518,075 votes (90.35 % of the total voting rights)
Votes against :	19,594 votes
Votes invalid :	0 votes
Votes abstained :	50,528,551 votes

Case 4 [Proposed by the Board of Directors]

Proposal: The issuance of employee restricted stock awards.

Explanation:

1. The terms of the employee restricted stock awards are as follows :

(1) Expected total amount (shares) of issuance: 2,000,000 common shares

A. Expected issue price : The current issue is gratuitous.

B. Vesting conditions:

An employee's continuous employment with the Company through the vesting dates, no violation on any terms of the company's employment agreement, employee handbook, non-competition and PIM agreements or the agreement of Restricted Stock Awards, and the achievement of individual performance goals during the Performance Period are required to receive the vested shares. Proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:

a. On the job for 2 years after granting: 33%

b. On the job for 3 years after granting: 33%

c. On the job for 4 years after granting: 34%

C. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance:

The Company will redeem the issued restricted stock awards and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company.

2. Qualification requirements for employees:

- (1) Full-time employees of the Company, and full-time employees of domestic or foreign controlled or affiliated companies who are already employed on the date that the restricted stock awards are awarded.
- (2) The number of granted shares shall be determined by seniority, position, performance, overall contribution and other meaningful factors in management. The results of shares distribution shall be reviewed by Chairman and obtain approval in the meeting of the Board of Directors. However, for employees who are managers, the award of such shares is subject to approval by the Compensation Committee.
- (3) The sum of the cumulative number of shares granted to each employee shall be in accordance with the applicable laws and regulations in Offering Regulations.

3. The reason why it is necessary to issue restricted stocks for employees:

To attract and retain talents, enhance employees' feeling of belonging to the Company, and foster the best interests of the Company and its shareholders, so as to ensure the alignment of the Company's employees and shareholders' interests.

4. Calculated expense amount: If based on the February 25, 2022 closing price, NT\$254.5, the annual amortized expenses from 2022 to 2026 will be projected as: NT\$47,719 thousand, NT\$114,525thousand,NT\$114,525 thousand,NT\$114,525 thousand and NT\$66,806 thousand, respectively with the total amounts of NT\$458,100 thousand.

Dilution of EPS : As of January 31, 2022, Company's issued outstanding shares are 559,924,397 shares, the earning dilution from 2022 to 2026 will be projected as: NT\$0.0852,NT\$0.2045,NT\$0.2044, NT\$0.2042 and NT\$0.1190,respectively. There should not be a material impact to the shareholder's equity.

5. Restricted rights before employees meet the vesting conditions : During the vesting period, employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted stock awards.

6. Any other matters that need to be specified:

- (1) It is allowed to report to the competent authority in several times within 1 year after resolution of the Shareholder's Meeting. The Company may issue the shares in batches within 1 year after receiving approval from the competent authority.
- (2) The attendance, proposal, speech, voting and voting rights of the shareholders' meeting are the same as the ordinary shares of the company issued and executed in accordance with the trust depository.
- (3) The plan is passed by the resolution of the Shareholders' Meeting and the Board of Directors is authorized to handle all the issues regarding the issuance of Restricted Stock Awards. If any amendment hereto is necessary due to any change of any laws or regulations or any requirement of the competent authority, Chairman is authorized to make any necessary

amendment hereto and submit the revised Rules to the Board of Directors for approval, before the RSAs may be granted.

7. The employee restricted stock awards is as follows :

Accton Technology Corporation

Issuance Rules of Accton 2022 Restricted Stock Awards Plan

Article 1 : Purpose

To attract and retain talents, motivate and engage employees for the best interest of the Company and its shareholders, so as to ensure the alignment of the employees' and shareholders' interests. The following issuance rules of Accton 2022 Restricted Stock Awards Plan ("the Rules") are stipulated in accordance with Item 9, Article 267 of the Company Act, and Exchange Act and the Regulations Governing the Offering Issuance of Securities by Securities Issuers ("the Regulation") released by the Financial Supervisory Commission.

Article 2 : Duration of issuance

With one year following the day the approval notice from the competent authority is delivered, the Company may issue the restricted stock awards once or multiple times. The actual date of issuance and related matters shall be determined by the Chairman of the Company ("the Chairman") as authorized by the Company's Board of Directors ("the Board of Directors").

Article 3 : Qualification requirements for employees

- 3.1. Full-time employees of the Company and full-time employees of domestic or foreign controlled or affiliated companies who are already employed on the date that the restricted stock awards are awarded.
- 3.2. The number of granted shares shall be determined by seniority, position, performance, overall contribution and other meaningful factors in management. The results of shares distribution shall be reviewed by the Chairman and obtain approval in the Board of Directors meeting. However, for employees who are managers, the awards of such shares are subject to approval by the Compensation Committee
- 3.3. The sum of the cumulative number of share granted to each employee by share distribution warrant in accordance with Article 56-1-1 of the Regulations and by restricted stock awards shall not exceed 0.3% of the total outstanding shares of the Company. The aforesaid total amount of shares plus the share subscription warrant the Company grants to each to each employee shall not exceed 1% of the total outstanding shares of the Company. However, with special approval from the central competent authority of the relevant industry, the total number of employee stock warrants and restricted stock awards obtained by a single employee may be exempted from the above-mentioned restriction. If the laws and regulations are revised in the future, the Company may apply the revised laws and regulations.

Article 4 : Total amount of issuance

The total number of shares issued by the Company under this plan shall be 2,000,000 common shares, each share having a par value of NT\$10, for a total amount of NT\$20,000,000.

Article 5 : Terms and conditions for issuance

- 5.1. Issue price: The current issue is gratuitous.
- 5.2. Class of issued shares: the Company's newly issued common shares.

5.3. Vesting conditions:

5.3.1 An employee's continuous employment with the Company through the vesting dates, no violation on any terms of the company's employment agreement, employee handbook, non-competition and PIM agreements or the agreement of Restricted Stock Awards, and the achievement of individual performance goals during the Performance Period are required to receive the vested shares. Proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:

5.3.1.1 On the job for 2 years after granting: 33%

5.3.1.2 On the job for 3 years after granting: 33%

5.3.1.3 On the job for 4 years after granting: 34%

5.3.2 The personal performance target is set by the company and respective agreements of the employees and is based on the rating result for the year preceding the vesting dates.

5.4. Measures to be taken when employees fail to meet the vesting conditions:

5.4.1 The company shall revoke and cancel portions of the unvested shares of restricted stock awards granted to the employee if the employee violates the Company's employment agreement, employee handbook, or other regulations set by the Company.

5.4.2 The Company shall revoke and cancel portions of the unvested shares of restricted stock awards granted to the employee if the employee voluntarily resigns, discharges, been laid-off during the vesting period.

5.4.3 Leave of absence without pay: Employee who has applied for leave of absence without pay is considered as not meeting the requirements of vesting conditions. The vesting period shall be postponed in accordance with the period of absence.

5.4.4 Termination of employment due to disabilities as a result of occupational accidents of employee: Any unvested restricted stock awards shall immediately vest upon such termination date.

5.4.5 Termination of employment due to death as a result of occupational accidents of employee: Any unvested restricted stock awards shall immediately vest upon the date of death. The legal heirs of the employee shall complete all required legal procedures and provide relevant supporting documentation before being granted the shares to be inherited or interest disposed of.

5.4.6 Termination of employment due to general death of employee: Any unvested restricted stock awards shall be regarded as unvested upon the date of death.

5.5. The rights that are subject to restriction until vesting conditions are met:

5.5.1 Except for inheritance, employees are prohibited from and shall not sell, pledge, transfer, give to another person, create any encumbrance on, or in any other way dispose of any unvested Shares.

5.5.2 Rights to attend the Company's shareholder's meeting, submit proposals, or speak and vote at the meeting attributed to ownership of stock with respect to any unvested Shares will be the same as those of the common shares of the Company but shall be subject to and performed in accordance with the trust agreement.

5.5.3 Rights to dividends, interest, capital reserve, and share subscription warrants attributed to ownership of stock with respect to any unvested Shares will be the same as those of the common shares of the Company and shall be subject to and performed in accordance with the trust agreement.

5.5.4 If any Shares vest on a date that falls during a period in which the Company is prohibited from altering the Company's shareholders' roster, including but not limited to, for reasons

pertaining to the Company's issuance of bonus or cash dividends, or conducting a rights offering, convening shareholder's meeting pursuant to paragraph 3 of Article 165 of the Company Act, the release of the restrictions shall be in accordance with the trust agreement and applicable laws and regulations

Article 6 : Execution and confidentiality of the agreement

- 6.1. The employees are deemed to have been granted the restricted stock awards only when they have entered into the "agreement of receiving restricted stock awards" upon notification by the responsible unit of the Company and complete all the required process for trust custody service. If the employee fails to execute the agreement, the rights to the restricted stock awards by the employee is deemed to have forfeited.
- 6.2. Anyone receiving restricted stock awards or other rights derived from in accordance with the Rules shall comply with the Rules and the "agreement of receiving restricted stock awards". The employee shall keep confidential after signing the agreement for the related contents of the Rules and the rights under the agreement. The company shall have the right to revoke and cancel any and all portions of the unvested shares of restricted stock awards in the event that the employee violates the Rules and agreement.

Article 7 : Tax

Any tax incurred from granting the restricted stock awards under the Plan shall be governed by the applicable R.O.C laws and regulations.

Article 8 : Implementation and revision

- 8.1. The Rules shall obtain approval by the majority votes in a meeting of Board of Directors which two-thirds or more directors are present, and then executed after effective registration with the competent authority. If modifications of the issuance rules are required due to amendment to the laws and regulations or instructions from the competent authority, the Chairman is authorized to make any necessary amendment to the Rules. The amendment to the Rules shall be proposed to be reviewed and approved by the Board of Directors for ratification and issuance.
- 8.2. For the matters not stipulated in the Rules, relevant applicable laws and regulations shall be referred.

Resolution : that the above proposal be and hereby was approved as proposed, with a total number of 524,066,220 voting rights.

Voting Results	Total represented share (including votes cast electronically)
Votes in favor :	326,384,929 votes (62.27% of the total voting rights)
Votes against :	146,934,798votes
Votes invalid :	0 votes
Votes abstained :	50,746,493votes

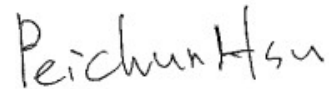
VI.Extemporary Motions

VII.Adjournment: Meeting adjourned: 10:05 am.

****In case of any discrepancy between the English and Chinese version of those minutes of 2022 Annual General Shareholders' Meeting of Accton Technology Corporation, the Chinese version shall prevail.**



Lin, Meen-Ron
Chairman



Hsu, Pei-Chun
Recorder

Attachments

Accton Technology Corporation
2021 Business Report

I. 2021 Business Results

(1) Implementation and Results of the 2021 Business Plan

In 2021, the Company's consolidated revenue was NT\$59.599 billion, a increase of about 9.4% compared with the previous year, and the consolidated net profit after tax was NT\$4.705 billion, an decrease of about 6.8% over the previous year. In terms of revenue distribution in various product lines, the network switch accounted for 63% of the total revenue, the network application equipment accounted for 19% of revenue, the network access equipment accounted for 12% 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 2021, revenue exceeded internal objectives while profitability did not.

(3) Analysis of Financial Income and Expenditure and Profitability

The consolidated revenue for the whole year 2021 was NT\$59,599 billion, a increase of about 9.4% compared with the previous year; the consolidated gross profit margin of the whole year was 19%; the consolidated net profit after tax was NT\$4.705 billion, equivalent to the consolidated net profit after tax per share of NT\$8.44.

(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 2021 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).
2. Leading 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 products that provide connections between data centers, fulfilling the transmission demand between data centers.
4. Leading in the development of open network in line with 5G architecture action return

Cell Site Router, convergence Router and other Telecom-grade products.

5. Leading in the development of software-defined wide area network (SD-WAN) products.
6. Leading in the development of 50G/200G Ethernet bunch of flash (EBOF) products.
7. Leading in the development of integrated server function programmable switch products.
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, Wi-Fi 6 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.

II. Summary of Business Plan for the Current Year

(1) Business Policy

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 operational efficiency, and establish operation capacity for the global structure.
5. Establish strategic partnerships, foster the cooperation of the industry and development of systems to provide diversified integration solutions and professional after sales services 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 Policy

We have taken a number of measures to expand, protect and diversify our supply chain, and to meet the increasingly stringent cyber security requirements of our customers and partners in the process. We also found some potential growth opportunities in emerging markets such as India, which attracted the interest of the customer.

Current production and marketing policies are 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.

III. Future Development Strategies of the Company

To enhance revenue and profitability, the main development strategies of the Company are as follows:

(1) Corporate and telecom network customers

1. Provide high-efficiency, high-quality products and services; maintain technological leadership.
2. Strengthen cooperation and partnership to jointly develop new markets, continuously improve operation and strive for the best profits.
3. Provide network equipment that fulfills the future mobile broadband and fixed network requirements in conjunction with chip manufacturers, software developers, solution providers and Telecom network service operator.

(2) Hyper Scale Data Center customers

1. 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.
2. 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 solution

1. 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.
2. 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) Internet of Things application solutions

Integrate IoT application technology, use broadband, mobile/wireless technology, cloud computing technology to develop solutions for artificial intelligence and automation.

(6) Improve quality, increase productivity, strengthen production flexibility, fast delivery

1. Increase overall production capacity and local production allocation in response to market and customer demand.
2. Implement customer-oriented supply chains, optimize product production process, and implement production line intelligence.
3. Implement quality management system (QMS) feedback management. Improve product planning quality, shorten product development cycle, improve customer satisfaction with high efficiency.
4. Cultivate quality strategic suppliers, produce standard parts and materials, ensure diversified supply and stable delivery.

IV. Impact of External Competition, Legal Environment and Overall Business Environment

Looking back on the worldly events in 2021, our hearts and prayers are with the families that endured the political conflicts in Aghanistan and Ethiopia. Meanwhile, geopolitics among global powers continued to intensify and component shortages illuminated dependencies on key countries and industries resulting in a spotlight on Taiwan's semiconductor and ICT industry, as well as Taiwan's ability to manage Covid-19 under a Zero-Covid policy. Taiwan has been fortunate to have contained the pandemic at very-little-to-no-cases for much of 2021. In these times we continue to diligently serve our customers, partners, shareholders, and community. 5G continues to deploy, Data Centers continue to expand, ethernet speeds continue to evolve, users continue to expect faster speeds, entertaining and useful applications, and our team at Accton continues our commitment to innovation. For the coming years, we are preparing to lead in the R&D of open architecture technologies for network infrastructures and fast emerging trends in AI and Automation. In 2021, we also observed worldwide usage of the term 'Metaverse', signaling an exciting birth of a new virtual world. Such trends resonate with the passion of Accton's team to continue innovating. We appreciate our customers and technology partners for their contributions to exciting ideas and initiatives. We thank our shareholders for their long-term support of our vision. We recognize the efforts of our hardworking management and staff teams.

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

Chairman: Kuan Xin Investment Corp.
Representative: Lin, Meen-Ron

Manager:
Edgar Masri

Accounting Supervisor:
Chen, Fang-I

Accton Technology Corporation
2021 Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2021 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,

2022 Annual Shareholders' Meeting of Accton Technology Corporation

Convener of Audit Committee: Shu-Chieh Huang



Mar. 17, 2022

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, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2021 and 2020, 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, 2021. 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.

Key audit matters for the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Revenue recognition

For the year ended December 31, 2021, the Company's net operating revenue was NT\$49,319,186 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 have grown significantly compared to 2020. 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.

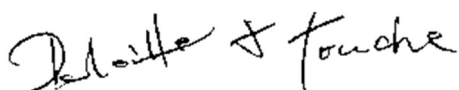
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the 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, 2021 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 Ming Yuan Chung.



Deloitte & Touche
Taipei, Taiwan
Republic of China
March 17, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020		LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 2,437,668	7	\$ 2,302,876	7	Contract liabilities - current (Notes 4 and 22)	\$ 798,098	3	\$ 914,356	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	15,011	-	1,915,657	6	Trade payables (Note 30)	7,034,961	22	5,786,272	18
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	208,743	1	136,947	-	Trade payables to related parties (Notes 30 and 31)	3,383,679	10	5,204,304	16
Financial assets at amortized cost - current (Notes 4, 9 and 30)	324,966	1	2,824,364	9	Accrued compensation of employees and remuneration of directors (Note 23)	916,243	3	852,827	3
Notes and trade receivables, net (Notes 4, 5 and 10)	6,443,807	20	6,426,497	20	Payables to contractors and equipment suppliers (Note 30)	72,956	-	79,927	-
Receivables from related parties (Notes 4, 5 and 31)	3,036,042	9	4,385,603	14	Other payables (Note 18)	1,639,739	5	1,896,544	6
Other receivables, net (Notes 4 and 10)	334,954	1	286,027	1	Other payables to related parties (Note 31)	141,982	-	150,679	-
Other receivables from related parties (Notes 4 and 31)	508,864	2	455,781	1	Income tax payable (Notes 4 and 24)	1,075,238	3	1,295,338	4
Inventories (Notes 4, 5 and 11)	10,202,350	31	5,440,371	17	Provisions - current (Notes 4 and 19)	99,322	-	81,224	-
Prepayments (Notes 16 and 31)	152,821	-	133,637	-	Lease liabilities - current (Notes 4 and 14)	113,482	-	91,079	-
Other current assets (Note 16)	3,247	-	4,940	-	Deferred revenue - current (Notes 17 and 27)	11,075	-	11,075	-
					Long-term borrowings - current portion (Notes 17 and 27)	175,325	1	-	-
Total current assets	23,668,473	72	24,312,700	75	Refund liabilities - current (Note 22)	37,900	-	16,605	-
NON-CURRENT ASSETS					Total current liabilities	15,500,000	47	16,380,230	50
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	101,828	-	95,301	-	NON-CURRENT LIABILITIES				
Investments accounted for using the equity method (Notes 4, 12 and 31)	6,632,193	20	6,227,319	19	Long-term borrowings (Notes 17 and 27)	1,003,418	3	1,163,470	4
Property, plant and equipment (Notes 4, 13 and 31)	1,104,885	4	1,132,928	4	Lease liabilities - non-current (Notes 4 and 14)	569,180	2	378,908	1
Right-of-use assets (Notes 4 and 14)	791,669	3	477,705	2	Deferred revenue - non-current (Notes 17 and 27)	37,019	-	48,094	-
Intangible assets (Notes 4, 15 and 31)	82,552	-	70,933	-	Net defined benefit liabilities - non-current (Notes 4 and 20)	29,782	-	29,115	-
Deferred income tax assets (Notes 4 and 24)	19,425	-	74,915	-	Guarantee deposits (Note 30)	816	-	816	-
Prepayments for equipment	21,133	-	19,573	-	Total non-current liabilities	1,640,215	5	1,620,403	5
Refundable deposits (Note 30)	36,593	-	41,826	-	Total liabilities	17,140,215	52	18,000,633	55
Other non-current assets-other (Notes 16, 32 and 33)	234,415	1	27,773	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 21 and 26)				
Total non-current assets	9,024,693	28	8,168,273	25	Share capital				
					Ordinary shares	5,599,204	17	5,594,564	17
TOTAL	\$ 32,693,166	100	\$ 32,480,973	100	Capital surplus	843,580	3	824,883	3
					Retained earnings				
					Legal reserve	2,347,651	7	1,843,206	6
					Special reserve	473,221	2	538,244	1
					Unappropriated earnings	6,834,835	21	6,203,663	19
					Total retained earnings	9,655,707	30	8,585,113	26
					Other equity	(494,541)	(2)	(473,221)	(1)
					Treasury shares	(50,999)	-	(50,999)	-
					Total equity	15,552,951	48	14,480,340	45
					TOTAL	\$ 32,693,166	100	\$ 32,480,973	100

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	\$49,319,186	100	\$51,270,498	100
OPERATING COSTS (Notes 4, 11, 20, 23 and 31)	<u>40,679,451</u>	<u>83</u>	<u>41,613,889</u>	<u>81</u>
GROSS PROFIT	8,639,735	17	9,656,609	19
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>348,483</u>	<u>1</u>	<u>(189,840)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>8,988,218</u>	<u>18</u>	<u>9,466,769</u>	<u>18</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23, 31 and 34)				
Selling and marketing	1,015,506	2	973,777	2
General and administrative	1,291,755	2	1,145,101	2
Research and development	1,832,719	4	1,591,873	3
Expected credit loss	<u>45</u>	<u>-</u>	<u>9,934</u>	<u>-</u>
Total operating expenses	<u>4,140,025</u>	<u>8</u>	<u>3,720,685</u>	<u>7</u>
OPERATING INCOME	<u>4,848,193</u>	<u>10</u>	<u>5,746,084</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest income	14,660	-	61,338	-
Other income	120,256	1	98,986	-
Other gains and losses	56,267	-	(112,737)	-
Finance costs	(31,284)	-	(28,635)	-
Share of profit of subsidiaries and associates	<u>583,567</u>	<u>1</u>	<u>340,197</u>	<u>1</u>
Total non-operating income and expenses	<u>743,466</u>	<u>2</u>	<u>359,149</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	5,591,659	12	6,105,233	12
INCOME TAX EXPENSE (Notes 4 and 24)	<u>886,600</u>	<u>2</u>	<u>1,056,880</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>4,705,059</u>	<u>10</u>	<u>5,048,353</u>	<u>10</u>

(Continued)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
(LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (1,527)	-	\$ (3,907)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	32,033	-	13,712	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(10,464)	-	13,042	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(39,289)</u>	<u>-</u>	<u>38,269</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(19,247)</u>	<u>-</u>	<u>61,116</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,685,812</u>	<u>10</u>	<u>\$ 5,109,469</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 8.44</u>		<u>\$ 9.07</u>	
Diluted	<u>\$ 8.36</u>		<u>\$ 8.98</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
						Other Equity		Treasury Shares	Total
						Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2020	\$ 5,580,514	\$ 805,715	\$ 1,348,157	\$ 307,492	\$ 5,347,752	\$ (492,608)	\$ (45,636)	\$ (50,999)	\$ 12,800,387
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	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 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
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	14,354	-	-	-	-	-	-	14,354
Changes in percentage of ownership interests in subsidiaries	-	2,604	-	-	-	-	-	-	2,604
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	3,600	-	(3,600)	-	-
Appropriation of 2020 earnings									
Legal reserve	-	-	504,445	-	(504,445)	-	-	-	-
Special reserve	-	-	-	(65,023)	65,023	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,636,538)	-	-	-	(3,636,538)
Net profit for the year ended December 31, 2021	-	-	-	-	4,705,059	-	-	-	4,705,059
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,527)	(39,289)	21,569	-	(19,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,703,532	(39,289)	21,569	-	4,685,812
Share-based payment arrangements	4,640	1,739	-	-	-	-	-	-	6,379
BALANCE AT DECEMBER 31, 2021	\$ 5,599,204	\$ 843,580	\$ 2,347,651	\$ 473,221	\$ 6,834,835	\$ (493,628)	\$ (913)	\$ (50,999)	\$ 15,552,951

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,591,659	\$ 6,105,233
Adjustments for:		
Depreciation expense	496,306	399,201
Amortization expense	36,197	35,318
Expected credit loss	45	9,934
Net gain on financial assets at fair value through profit or loss	(49,449)	(10,968)
Finance costs	31,284	28,635
Interest income	(14,660)	(61,338)
Dividend income	(9,003)	(8,138)
Dividends received from investments accounted for using equity method	163,037	513,662
Share of profit of subsidiaries and associates	(583,567)	(340,197)
Loss (gain) on disposal of property, plant and equipment, net	10	(326)
Write-down (reversal) of inventories	7,381	(36,410)
(Realized) unrealized gain on the transactions with subsidiaries	(348,483)	189,840
Unrealized loss (gain) on foreign currency exchange	71,032	(46,734)
Amortization of grant revenue	(11,075)	(10,761)
Gain on lease modification	(212)	-
Changes in operating assets and liabilities		
Notes and trade receivables, net	36,028	(2,255,387)
Trade receivables from related parties	1,736,977	(817,980)
Other receivables	(39,248)	(215,102)
Other receivables from related parties	(48,191)	584,030
Inventories	(4,769,360)	(344,435)
Prepayments	(19,184)	(30,647)
Other current assets	(49,949)	(4,527)
Contract liabilities	(116,258)	371,630
Trade payables	1,189,442	981,266
Trade payables to related parties	(1,920,290)	(1,830,862)
Other payables	(244,228)	304,064
Other payables to related parties	(11,909)	(14,116)
Provisions	18,098	36,844
Refund liabilities	21,295	13,426
Net defined benefit liabilities	(860)	(1,601)
Cash generated from operations	1,162,865	3,543,554
Interest paid	(16,001)	(13,225)
Income tax paid	(1,051,210)	(539,809)
Net cash generated from operating activities	95,654	2,990,520

(Continued)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (46,147)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	6,384	-
Purchase of financial assets at amortized cost	(5,781,620)	(9,608,934)
Proceeds from sale of financial assets at amortized cost	8,287,451	10,887,962
Purchase of financial assets at fair value through profit or loss	(460,000)	(3,890,000)
Proceeds from sale of financial assets at fair value through profit or loss	2,403,568	2,294,973
Acquisition of property, plant and equipment	(346,123)	(526,466)
Proceeds from disposal of property, plant and equipment	444	1,056
Decrease (increase) in refundable deposits	5,233	(17,776)
Acquisition of intangible assets	(47,816)	(56,988)
Acquisition of right-of-use assets	(155,000)	-
Interest received	7,519	68,279
Dividends received	9,003	8,138
Net cash generated from (used in) investing activities	<u>3,882,896</u>	<u>(839,756)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	600,000	2,700,000
Repayments of short-term borrowings	(600,000)	(2,700,000)
Proceeds from long-term borrowings	-	345,000
Repayments of long-term borrowings	-	(100,000)
Repayment of the principal portion of lease liabilities	(232,523)	(99,095)
Dividends paid to owners of the Company	(3,636,538)	(3,462,734)
Employee share options	6,379	17,535
Net cash used in financing activities	<u>(3,862,682)</u>	<u>(3,299,294)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>18,924</u>	<u>68,906</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	134,792	(1,079,624)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,302,876</u>	<u>3,382,500</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,437,668</u>	<u>\$ 2,302,876</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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2021 and 2020, 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Revenue recognition

For the year ended December 31, 2021, the Group's net operating revenue was NT\$59,598,681 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 2020. 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 Accton Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including 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.

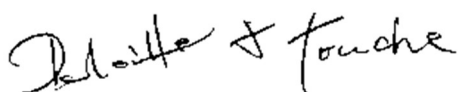
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Ming Yuan Chung.



Deloitte & Touche
Taipei, Taiwan
Republic of China
March 17, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 6,257,744	18	\$ 4,894,509	16
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	140,012	-	2,413,955	8
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	250,405	1	192,943	1
Financial assets at amortized cost - current (Notes 4, 9 and 32)	943,630	3	3,197,704	10
Notes and trade receivables, net (Notes 4, 5 and 10)	10,316,266	29	8,847,386	28
Receivables from related parties (Notes 4, 5 and 33)	39	-	376	-
Other receivables (Notes 4, 10 and 26)	405,586	1	337,084	1
Other receivables from related parties (Notes 4 and 33)	9,078	-	9,815	-
Inventories (Notes 4, 5 and 11)	13,245,641	38	8,179,022	26
Prepayments (Notes 18 and 33)	195,793	1	356,477	1
Other current assets	18,039	-	11,030	-
Total current assets	31,782,233	91	28,440,301	91
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	195,145	1	136,757	1
Investments accounted for using the equity method (Notes 4 and 13)	11,526	-	12,929	-
Property, plant and equipment (Notes 4 and 14)	1,487,456	4	1,502,317	5
Right-of-use assets (Notes 4 and 15)	1,069,801	3	740,798	3
Goodwill (Notes 4 and 16)	1,930	-	1,930	-
Intangible assets (Notes 4 and 17)	107,351	-	74,442	-
Deferred income tax assets (Notes 4 and 26)	22,531	-	78,510	-
Prepayments for equipment	24,683	-	21,856	-
Refundable deposits (Note 32)	84,298	-	66,427	-
Other non-current assets-other (Notes 18, 34 and 35)	234,415	1	46,702	-
Total non-current assets	3,239,136	9	2,682,668	9
TOTAL	\$ 35,021,369	100	\$ 31,122,969	100

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 24)	\$ 841,636	3	\$ 958,519	3
Trade payables	11,567,228	33	8,639,267	28
Accrued compensation of employees and remuneration of directors (Note 25)	1,053,040	3	1,031,443	3
Payables to contractors and equipment suppliers	110,169	-	104,220	-
Other payables (Note 20)	2,295,178	7	2,420,184	8
Other payables to related parties (Note 33)	-	-	1,867	-
Income tax payable (Notes 4 and 26)	1,168,369	3	1,349,251	4
Provisions - current (Notes 4 and 21)	102,430	-	84,389	-
Lease liabilities - current (Notes 4 and 15)	213,367	1	170,641	1
Deferred revenue - current (Notes 19 and 29)	11,075	-	11,075	-
Long-term borrowings - current portion(Notes 19 and 29)	175,325	1	-	-
Refund liabilities - current (Note 24)	105,639	-	60,601	-
Total current liabilities	17,643,456	51	14,831,457	47
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 29)	1,003,418	3	1,163,470	4
Lease liabilities - non-current (Notes 4 and 15)	753,927	2	566,944	2
Deferred revenue - non-current (Notes 19 and 29)	37,019	-	48,094	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	29,782	-	29,115	-
Guarantee deposits (Note 32)	816	-	816	-
Total non-current liabilities	1,824,962	5	1,808,439	6
Total liabilities	19,468,418	56	16,639,896	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)				
Share capital				
Ordinary shares	5,599,204	16	5,594,564	18
Capital surplus	843,580	2	824,883	3
Retained earnings				
Legal reserve	2,347,651	7	1,843,206	6
Special reserve	473,221	1	538,244	2
Unappropriated earnings	6,834,835	19	6,203,663	20
Total retained earnings	9,655,707	27	8,585,113	28
Other equity	(494,541)	(1)	(473,221)	(2)
Treasury shares	(50,999)	-	(50,999)	-
Total equity attributable to owners of the Company	15,552,951	44	14,480,340	47
NON-CONTROLLING INTERESTS (Notes 4 and 23)	-	-	2,733	-
Total equity	15,552,951	44	14,483,073	47
TOTAL	\$ 35,021,369	100	\$ 31,122,969	100

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 59,598,681	100	\$ 54,462,872	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 33)	<u>48,254,085</u>	<u>81</u>	<u>42,908,810</u>	<u>79</u>
GROSS PROFIT	<u>11,344,596</u>	<u>19</u>	<u>11,554,062</u>	<u>21</u>
OPERATING EXPENSES (Notes 4, 10, 22, 25 and 33)				
Selling and marketing	1,603,114	3	1,498,120	3
General and administrative	1,631,076	3	1,492,319	2
Research and development	2,668,321	4	2,163,639	4
Expected credit loss (gain)	<u>1,359</u>	<u>-</u>	<u>(2,679)</u>	<u>-</u>
Total operating expenses	<u>5,903,870</u>	<u>10</u>	<u>5,151,399</u>	<u>9</u>
OPERATING INCOME	<u>5,440,726</u>	<u>9</u>	<u>6,402,663</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 33)				
Interest income	32,470	-	90,044	-
Other income	165,543	1	156,016	-
Other gains and losses	136,425	-	(396,294)	(1)
Finance costs	(42,388)	-	(38,094)	-
Share of loss of associates	<u>(1,625)</u>	<u>-</u>	<u>(1,440)</u>	<u>-</u>
Total non-operating income and expenses	<u>290,425</u>	<u>1</u>	<u>(189,768)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	5,731,151	10	6,212,895	11
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,026,093</u>	<u>2</u>	<u>1,164,255</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>4,705,058</u>	<u>8</u>	<u>5,048,640</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	(1,527)	-	(3,907)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	21,569	-	26,754	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(39,289)</u>	<u>-</u>	<u>38,125</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(19,247)</u>	<u>-</u>	<u>60,972</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,685,811</u>	<u>8</u>	<u>\$ 5,109,612</u>	<u>9</u>

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,705,059	8	\$ 5,048,353	9
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>287</u>	<u>-</u>
	<u>\$ 4,705,058</u>	<u>8</u>	<u>\$ 5,048,640</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,685,812	8	\$ 5,109,469	9
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>143</u>	<u>-</u>
	<u>\$ 4,685,811</u>	<u>8</u>	<u>\$ 5,109,612</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 8.44</u>		<u>\$ 9.07</u>	
Diluted	<u>\$ 8.36</u>		<u>\$ 8.98</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, 2021 AND 2020 (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, 2020	\$ 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
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	15,683	-	-	-	-	-	-	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)	-	(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
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	14,354	-	-	-	-	-	-	14,354	-	14,354
Changes in percentage of ownership interests in subsidiaries	-	2,604	-	-	-	-	-	-	2,604	(2,732)	(128)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	3,600	-	(3,600)	-	-	-	-
Appropriation of 2020 earnings											
Legal reserve	-	-	504,445	-	(504,445)	-	-	-	-	-	-
Special reserve	-	-	-	(65,023)	65,023	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,636,538)	-	-	-	(3,636,538)	-	(3,636,538)
Net profit for the year ended December 31, 2021	-	-	-	-	4,705,059	-	-	-	4,705,059	(1)	4,705,058
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,527)	(39,289)	21,569	-	(19,247)	-	(19,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,703,532	(39,289)	21,569	-	4,685,812	(1)	4,685,811
Share-based payment arrangements	4,640	1,739	-	-	-	-	-	-	6,379	-	6,379
BALANCE AT DECEMBER 31, 2021	\$ 5,599,204	\$ 843,580	\$ 2,347,651	\$ 473,221	\$ 6,834,835	\$ (493,628)	\$ (913)	\$ (50,999)	\$ 15,552,951	\$ -	\$ 15,552,951

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,731,151	\$ 6,212,895
Adjustments for:		
Depreciation expense	722,315	636,471
Amortization expense	44,203	38,527
Expected credit loss (gain)	1,359	(2,679)
Net (gain) loss on financial assets at fair value through profit or loss	(184,106)	27,621
Finance costs	42,388	38,094
Interest income	(32,470)	(90,044)
Dividend income	(9,003)	(9,797)
Share of loss of associates	1,625	1,440
(Gain) loss on disposal of property, plant and equipment, net	(279)	878
Loss on disposal of subsidiaries	-	48
Reversal of inventories	(40,744)	(24,231)
Unrealized gain on foreign currency exchange	(20,911)	(69,700)
Amortization of grant revenue	(11,075)	(10,761)
Gain on lease modification	(206)	(39)
Changes in operating assets and liabilities		
Notes and trade receivables, net	(1,417,174)	(1,850,351)
Trade receivables from related parties	337	2,475
Other receivables	(72,179)	(204,239)
Other receivables from related parties	737	743
Inventories	(5,025,875)	562,142
Prepayments	153,784	(172,767)
Other current assets	(7,066)	13,130
Contract liabilities	(113,682)	366,382
Trade payables	2,868,543	(1,328,206)
Other payables	(146,015)	(69,229)
Other payables to related parties	(1,867)	(403)
Provisions	18,130	38,502
Refund liabilities	45,038	12,488
Net defined benefit liabilities	(860)	(2,225)
Cash generated from operations	2,546,098	4,117,165
Interest paid	(27,105)	(22,684)
Income tax paid	(1,150,996)	(622,076)
Net cash generated from operating activities	<u>1,367,997</u>	<u>3,472,405</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(46,147)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	6,384	-
Purchase of financial assets at amortized cost	(6,948,290)	(10,174,508)
Proceeds from sale of financial assets at amortized cost	9,209,660	11,292,639

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at fair value through profit or loss	\$ (1,766,442)	\$ (4,740,092)
Proceeds from sale of financial assets at fair value through profit or loss	4,162,496	2,663,731
Net cash outflow on disposal of subsidiaries	(4,331)	(3,747)
Acquisition of property, plant and equipment	(480,256)	(581,114)
Proceeds from disposal of property, plant and equipment	1,837	2,842
Increase in refundable deposits	(18,149)	(21,093)
Acquisition of intangible assets	(77,124)	(59,415)
Acquisition of right-of-use assets	(155,000)	-
(Increase) decrease in other financial assets	(32,713)	15,064
Interest received	38,829	97,574
Dividends received	9,003	9,797
Net cash generated from (used in) investing activities	<u>3,899,757</u>	<u>(1,498,322)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	600,000	2,700,000
Repayments of short-term borrowings	(600,000)	(2,700,000)
Proceeds from long-term borrowings	-	345,000
Repayments of long-term borrowings	-	(100,000)
Decrease in guarantee deposits	-	(3,669)
Repayments of the principal portion of lease liabilities	(326,763)	(179,613)
Dividends paid to owners of the Company	(3,622,184)	(3,449,054)
Employee share options	6,379	17,535
Net cash used in financing activities	<u>(3,942,568)</u>	<u>(3,369,801)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>38,049</u>	<u>68,372</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,363,235	(1,327,346)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,894,509</u>	<u>6,221,855</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,257,744</u>	<u>\$ 4,894,509</u>

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