

ACCTON TECHNOLOGY CORPORATION

2023 Annual General Shareholders' Meeting Meeting Handbook

Meeting Time: June 15, 2023, at 9:00 a.m.

Place: No. 1, Creation Road 3, Hsinchu Science Park,
Hsinchu 300, Taiwan, R.O.C

Convening method: Video-conferencing assisted shareholders meeting (physical shareholders meeting supported by video conferencing)

E-Meeting Platform: Shareholders' meeting video conferencing platform of Taiwan Depository & Clearing Corporation Limited (TDCC) - Electronic voting platform for shareholders' meetings (website: <https://www.stockvote.com.tw>)

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Chapter 1 Meeting Procedures

Accton Technology Corporation

Procedures for the Meeting of Shareholders' Meeting in 2023

1. Calling the meeting to order
2. Chairman's speech
3. Report items
4. Proposals
5. Discussions
6. Extemporaneous Motions
7. Adjournment

Chapter 2 Meeting Agenda

Accton Technology Corporation
2023 Annual Shareholders' Meeting Agenda

Convening method : Video-conferencing assisted shareholders meeting
(physical shareholders meeting supported by video conferencing)

Meeting time : Jun. 15, 2023 (Thursday) 9:00 a.m.

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

E-Meeting Platform : Shareholders' meeting video conferencing platform of Taiwan
Depository & Clearing Corporation Limited (TDCC) -
Electronic voting platform for shareholders' meetings
(website: <https://www.stockvote.com.tw>)

1. Call meeting to order (report on total number of shares in attendance)
2. Chairman's speech
3. Report items
 - (1) Report on the Company's 2022 business.
 - (2) Report on the Company's 2022 Audit Committee's Review Report.
 - (3) Report on the Company's 2022 employees compensation and directors remuneration distribution.
4. Proposals
 - (1) 2022 Business Report and Financial Statement.
 - (2) 2022 Profit Distribution Proposal.
5. Discussions
 - (1) Amendments to the Articles of Association of the Company.
 - (2) Amendments to the Procedures for Acquisition and Disposal of Assets of the Company.
6. Extemporaneous Motions
7. Resolution.

Reports

Case 1

Proposal: The Company's 2022 Business Report. Please examine the report.

Explanation: Please refer to Attachment 1 on page 10 of this manual for the Company's 2022 Business Report.

Case 2

Proposal: The Company's 2022 Audit Committee's Review Report. Please examine the report.

Explanation: Please refer to Attachment 2 on page 13 of this manual for the 2022 Audit Committee's Review Report.

Case 3

Proposal: The Company's 2022 employees compensation and directors remuneration distribution.
Please examine the report.

Explanation:

1. This proposal has been discussed and approved by the Remuneration Committee on 2023.02.24, 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 \$1,269,567,896 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. 9, 2023.

Proposals

Case 1 [Proposed by the Board of Directors]

Proposal: Adoption of the 2022 Business Report and Financial Statements of the Company.

Explanation:

1. The Company's 2022 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. 9, 2023.
2. For the 2022 Business Report, Independent Auditors' Report, and Financial Statements, please refer to Attachment 1 on Page 10 to 12 and Attachment 3 on Page 14 to 31 of this handbook for details.
3. Please adopt the proposal.

Resolution:

Case 2 [Proposed by the Board of Directors]

Proposal: Adoption of the proposal for distribution of 2022 earnings of the Company.

Explanation: According to the Articles of Association, the distribution of earnings for 2022 is set out below:

1. The Undistributed earnings of Previous Years was NT\$2,983,225,679, the net profit after-tax of the Company for 2022 was NT\$8,165,812,627, the re-measurement of defined benefit plan recognized in the retained earnings was NT\$ 20,266,558.
2. In accordance with the law, 10% was appropriated for statutory surplus reserve of NT\$ (818,607,919) and special surplus reserve of NT\$32,524,293. The distributable earnings of this period was NT\$10,383,221,238 (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\$4,201,116,728, with a cash dividend of NT\$7.5 per share, and the undistributed surplus will be NT\$6,182,104,510 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

2022 Earning Distribution Proposal

Unit:NT\$

Undistributed earnings of Previous Years		2,983,225,679
Add:		
Remeasurement of defined benefit Obligation	20,266,558	
Disposal of Investments in Equity Instruments at Fair Value through other Comprehensive Income	0	
Net Income of 2022	8,165,812,627	
Undistributed earnings for the Current Period		11,169,304,864
Less:		
10% Legal reserve	(818,607,919)	
Add:		
Special reserve	32,524,293	
Distributable earnings for the current period		10,383,221,238
Distribution item:		
Shareholders' dividends — Cash (NT\$7.5 per share)	4,201,116,728	
Unappropriated retained earnings at the end of period		6,182,104,510

Resolution:

Discussions

Case 1 [Proposed by the Board of Directors]

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

Explanation:

- I. Pursuant to the official letter of the Ministry of Economic Affairs, Jing Shang Zi No.10902419890 dated 12 August 2020, and in order to coordinate with the adjustment of List of Codes of Business Activities of Companies, Firms and Limited Partnerships, the Company amends part of the articles in its “Articles of Incorporation”.
- II. Please refer to Attachment 4 on page 32 of this manual for the comparison of the Articles of Association before and after the amendment.
- III. Submitted for resolution.

Resolution:

Case 2 [Proposed by the Board of Directors]

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

Explanation:

- I. To support the growth of company operation and flexibility of working capital management, propose to modify the “Procedures for Acquisition and Disposal of Assets” for two items: (1) Authorize hierarchy of acquisition and disposal of property, equipment, intangible assets or right-of-use assets and securities and (2) Increase two securities categories for short-term working capital management.
- II. Please refer to Attachment 5 on page 34 of this manual for Acquisition and Disposal of Assets of the Company.
- III. Submitted for resolution.

Resolution:

Extemporary Motions

Adjournment

Chapter 3 Attachments

【 Attachment 1 】

Accton Technology Corporation 2022 Business Report

I. 2022 Business Results

(1) Implementation and Results of the 2022 Business Plan

In 2022, the Company's consolidated revenue was NT\$77.205 billion, a increase of about 29.5% compared with the previous year, and the consolidated net profit after tax was NT\$8.166 billion, a increase of about 73.6% over the previous year. In terms of revenue distribution in various product lines, the network switch accounted for 59% of the total revenue, the network application equipment accounted for 27% of revenue, the network access equipment accounted for 9% of revenue, and the wireless network equipment accounted for 2% of revenue.

Looking forward to the future, with the Company mastering core technologies that are fundamental to the new era of network communication, we are striving to ensure the overall revenue will continue to grow with the increasing demand for information application and network infrastructure.

(2) Budget Execution Status

In 2022, both revenue and profitability exceed internal objectives.

(3) Research and Development Status

The Company will continue to invest in innovative, cutting-edge technologies for both hardware and software of network communication, and the key R&D focuses for 2022 are to lead in the industry with the following initiatives and activities:

1. Mass production of high-density 100G/400G switches for hyperscaler and generic Data Centers.
2. Development of Next Generation 800G Data Center switch systems architecture, including interconnect Solutions fiber optic transmission products that provide connections between data centers, fulfilling the transmission demand between Data Centers.
3. Development of Deep Learning Smart Network Interface Cards.
4. Continued innovation in the development of Artificial Intelligence and Machine Learning Systems. Mass production of artificial intelligence (AI) inference acceleration cards, required by data centers to support massive AI data calculations.
5. Development of other Internet and Telecommunications technologies, including: 5G Cell Site and Convergence Routers, millimeter wave wireless transmission devices, and network access solutions.
6. Development of hardware cooling technologies to increase computing performance and decrease power consumption.

II. Summary of Business Plan for the Current Year

(1) Business Policy

1. Master core technologies, strengthen product innovation, expand technical frontiers, and strengthen brand access.

2. Enhance R&D and business innovative energy to establish global and domestic competitiveness.
3. Continue to enhance the operational efficiency of our supply chain, improve production capacity in accordance with the circumstances, enhance overall operational efficiency, and establish operation capacity for the global structure.
4. Establish strategic partnerships, foster cooperation within industry players and development of systems to provide diversified integration solutions and professional after sales services for customers.
5. Continue efforts to provide professional OEM/ODM services and brand sales in parallel, and to provide high-quality products in response to market demand.
6. Focus on IT infrastructure industry; develop highly-integrated and high-value product solutions.

(2) Production and Sales Policy

We have taken measures to expand, protect and diversify our supply chain, and to meet the stringent cyber security requirements of our customers and partners in the process. We have also found growth opportunities in emerging markets which attracted the interest of customers.

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 business opportunities, participate in relevant international social media network communication organizations.
3. Cultivate large international 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: develop new solutions for current and new partners, invest in talent recruitment and process improvements, etc. Recognize the importance of setting up labs, improving test cycles to increase our partners' confidence in doing business with us.

(1) Design New Solutions for Current and New Partners

1. Provide high-efficiency, high-quality products and services; maintain leadership in Ethernet and networking technology
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 network requirements in conjunction with chip manufacturers, software developers, solution providers, service integrators, and network service operators.

(2) Invest in Talent Recruitment and Process Improvements

1. Expansion of Research and Development engineering talent.
2. Collaborating with educational institutions.

(3) Research and Develop New Technology and Testing Capabilities

1. Investment in new test labs and equipment.
2. Investment in Automation Solutions to improve Test Cycle, thereby increasing customer confidence and shortening sales cycle.

(4) Continuously 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

2022 was a polarizing year for the world economy. On one hand, we saw inflation rise around the world. Price spikes were driven by monetary easing and supply chain constraints from Covid and Russia's invasion of Ukraine. Geopolitical tensions between US and China persisted further. Towards the end of 2022, Covid began to ease, suggesting the light at the end of the pandemic tunnel. On a positive note, related to Accton's industry, we witnessed groundbreaking advancements in Artificial Intelligence. Artificial Intelligence based applications are proliferating at an increasing speed, confirmed by Microsoft's recent investment in and deployment of OpenAI's ChatGPT and Google's Bard AI. As the public is now able to physically experience AI in a Virtual Assistant application, we expect that Computation and Communication demands will increase. Accton has recognized this trend and developed Smart NIC Cards for deep learning and Training/Inference for AI/Machine Learning systems. Higher performance, Cooling, and Systems are 3 enablers required for adoption of AI/ML technologies and applications. At Accton, we are excited and continually motivated by the advancements in our collective high-tech community to pursue in the excellence of hardware design, architecture, and innovations. 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 and 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

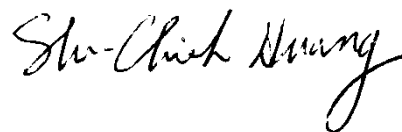
Accton Technology Corporation
2022 Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2022 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,

2023 Annual Shareholders' Meeting of Accton Technology Corporation

Convener of Audit Committee: Shu-Chieh Huang

A handwritten signature in black ink, reading "Shu-Chieh Huang". The signature is written in a cursive, flowing style.

Mar. 9, 2023

【 Attachment 3 】

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2022. 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, 2022 are stated as follows:

Revenue recognition

For the year ended December 31, 2022, the Company's net operating revenue was NT\$69,432,481 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 2021. 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.

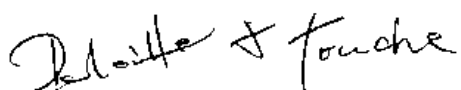
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 9, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 4,745,645	10	\$ 2,437,668	7
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	203,999	1	15,011	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	153,308	-	208,743	1
Financial assets at amortized cost - current (Notes 4, 9 and 30)	5,727,415	12	324,966	1
Trade receivables (Notes 4, 5, 10, 22 and 30)	10,165,896	22	6,443,807	20
Receivables from related parties (Notes 4, 5, 30 and 31)	2,941,831	6	3,036,042	9
Other receivables, net (Notes 4, 10 and 30)	517,587	1	334,954	1
Other receivables from related parties (Notes 4, 30 and 31)	439,197	1	508,864	2
Inventories (Notes 4, 5 and 11)	10,020,343	22	10,202,350	31
Prepayments (Notes 16 and 31)	265,189	1	152,821	-
Other current assets-other (Note 16)	<u>772</u>	<u>-</u>	<u>3,247</u>	<u>-</u>
Total current assets	<u>35,181,182</u>	<u>76</u>	<u>23,668,473</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	84,527	-	101,828	-
Investments accounted for using the equity method (Notes 4, 12 and 31)	8,078,275	18	6,632,193	20
Property, plant and equipment (Notes 4, 13 and 31)	1,489,005	3	1,104,885	4
Right-of-use assets (Notes 4 and 14)	1,292,564	3	791,669	3
Intangible assets (Notes 4, 15 and 31)	139,524	-	82,552	-
Deferred income tax assets (Notes 4 and 24)	147,370	-	19,425	-
Prepayments for equipment	9,016	-	21,133	-
Refundable deposits (Note 30)	33,391	-	36,593	-
Other non-current assets-other (Notes 16, 32 and 33)	<u>109,458</u>	<u>-</u>	<u>234,415</u>	<u>1</u>
Total non-current assets	<u>11,383,130</u>	<u>24</u>	<u>9,024,693</u>	<u>28</u>
TOTAL	<u>\$46,564,312</u>	<u>100</u>	<u>\$32,693,166</u>	<u>100</u>

(Continued)

ACCTON TECHNOLOGY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 22)	\$ 828,111	2	\$ 798,098	3
Trade payables (Note 30)	9,508,883	20	7,034,961	22
Trade payables to related parties (Notes 30 and 31)	4,917,929	11	3,383,679	10
Accrued compensation of employees and remuneration of directors (Note 23)	1,348,652	3	916,243	3
Payables to contractors and equipment suppliers (Note 30)	55,645	-	72,956	-
Other payables (Notes 18 and 30)	2,152,267	5	1,639,739	5
Other payables to related parties (Notes 30 and 31)	177,347	-	141,982	-
Income tax payable (Notes 4 and 24)	1,931,893	4	1,075,238	3
Provisions - current (Notes 4 and 19)	260,694	1	99,322	-
Lease liabilities - current (Notes 4 and 14)	116,688	-	113,482	-
Deferred revenue - current (Notes 17 and 27)	8,838	-	11,075	-
Long-term borrowings - current portion (Notes 17, 27 and 30)	925,558	2	175,325	1
Refund liabilities - current (Note 22)	70,172	-	37,900	-
Total current liabilities	<u>22,302,677</u>	<u>48</u>	<u>15,500,000</u>	<u>47</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 27 and 30)	2,605,332	6	1,003,418	3
Deferred income tax liabilities (Notes 4 and 24)	268,380	-	-	-
Lease liabilities - non-current (Notes 4 and 14)	935,517	2	569,180	2
Deferred revenue - non-current (Notes 17 and 27)	15,703	-	37,019	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	7,726	-	29,782	-
Guarantee deposits (Note 30)	816	-	816	-
Total non-current liabilities	<u>3,833,474</u>	<u>8</u>	<u>1,640,215</u>	<u>5</u>
Total liabilities	<u>26,136,151</u>	<u>56</u>	<u>17,140,215</u>	<u>52</u>
EQUITY (Notes 4, 21 and 26)				
Share capital				
Ordinary shares	<u>5,601,399</u>	<u>12</u>	<u>5,599,204</u>	<u>17</u>
Capital surplus	<u>857,568</u>	<u>2</u>	<u>843,580</u>	<u>3</u>
Retained earnings				
Legal reserve	2,818,364	6	2,347,651	7
Special reserve	494,541	1	473,221	2
Unappropriated earnings	<u>11,169,304</u>	<u>24</u>	<u>6,834,835</u>	<u>21</u>
Total retained earnings	<u>14,482,209</u>	<u>31</u>	<u>9,655,707</u>	<u>30</u>
Other equity	<u>(462,016)</u>	<u>(1)</u>	<u>(494,541)</u>	<u>(2)</u>
Treasury shares	<u>(50,999)</u>	<u>-</u>	<u>(50,999)</u>	<u>-</u>
Total equity	<u>20,428,161</u>	<u>44</u>	<u>15,552,951</u>	<u>48</u>
TOTAL	<u>\$ 46,564,312</u>	<u>100</u>	<u>\$ 32,693,166</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements

(Concluded)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	\$ 69,432,481	100	\$ 49,319,186	100
OPERATING COSTS (Notes 4, 11, 20, 23 and 31)	<u>55,789,511</u>	<u>81</u>	<u>40,679,451</u>	<u>83</u>
GROSS PROFIT	13,642,970	19	8,639,735	17
(UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>(158,201)</u>	<u>-</u>	<u>348,483</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>13,484,769</u>	<u>19</u>	<u>8,988,218</u>	<u>18</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23, 31 and 34)				
Selling and marketing	1,241,976	2	1,015,506	2
General and administrative	1,662,372	2	1,291,755	2
Research and development	2,240,436	3	1,832,719	4
Expected credit loss	<u>174</u>	<u>-</u>	<u>45</u>	<u>-</u>
Total operating expenses	<u>5,144,958</u>	<u>7</u>	<u>4,140,025</u>	<u>8</u>
OPERATING INCOME	<u>8,339,811</u>	<u>12</u>	<u>4,848,193</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest income	129,639	-	14,660	-
Other income	68,460	-	120,256	1
Other gains and losses	273,474	-	56,267	-
Finance costs	(55,140)	-	(31,284)	-
Share of profit of subsidiaries and associates	<u>1,219,236</u>	<u>2</u>	<u>583,567</u>	<u>1</u>
Total non-operating income and expenses	<u>1,635,669</u>	<u>2</u>	<u>743,466</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	9,975,480	14	5,591,659	12
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,809,668</u>	<u>2</u>	<u>886,600</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>8,165,812</u>	<u>12</u>	<u>4,705,059</u>	<u>10</u>
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	20,266	-	(1,527)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(57,905)	-	32,033	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	(31,751)	-	(10,464)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>122,181</u>	<u>-</u>	<u>(39,289)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>52,791</u>	<u>-</u>	<u>(19,247)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,218,603</u>	<u>12</u>	<u>\$ 4,685,812</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 14.64</u>		<u>\$ 8.44</u>	
Diluted	<u>\$ 14.45</u>		<u>\$ 8.36</u>	

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
						Other Equity			
			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	\$ 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
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256
Appropriation of 2021 earnings									
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576)
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656)	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656)	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927
BALANCE AT DECEMBER 31, 2022	\$ 5,601,399	\$ 857,568	\$ 2,818,364	\$ 494,541	\$11,169,304	\$ (371,447)	\$ (90,569)	\$ (50,999)	\$ 20,428,161

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,975,480	\$ 5,591,659
Adjustments for:		
Depreciation expense	565,628	496,306
Amortization expense	43,689	36,197
Expected credit loss	174	45
Net loss (profit) on fair value charges of financial assets designated as at fair value through profit or loss	16,281	(49,449)
Finance costs	55,140	31,284
Interest income	(129,639)	(14,660)
Dividend income	(10,995)	(9,003)
Dividends received from investments accounted for using the equity method	221,515	163,037
Share of profit of subsidiaries and associates	(1,219,236)	(583,567)
(Gain) loss on disposal of property, plant and equipment, net	(251)	10
Write-downs of inventories	214,070	7,381
Unrealized (realized) gain on the transactions with subsidiaries	158,201	(348,483)
Unrealized loss on foreign currency exchange	160,182	71,032
Amortization of grant revenue	(8,838)	(11,075)
Gain on lease modification	(1)	(212)
Changes in operating assets and liabilities		
Trade receivables, net	(3,846,938)	36,028
Receivables from related parties	(37,578)	1,736,977
Other receivables	(153,199)	(39,248)
Other receivables from related parties	67,429	(48,191)
Inventories	(32,063)	(4,769,360)
Prepayments	(112,368)	(19,184)
Other current assets	2,471	(49,949)
Contract liabilities	30,013	(116,258)
Trade payables	2,591,256	1,189,442
Trade payables to related parties	1,559,102	(1,920,290)
Accrued compensation of employees and remuneration of directors	432,409	63,416
Other payables	487,212	(307,644)
Other payables to related parties	29,126	(11,909)
Provisions	161,372	18,098
Refund liabilities	32,272	21,295
Net defined benefit liabilities	(1,790)	(860)
Cash generated from operations	11,250,126	1,162,865
Interest paid	(41,815)	(16,001)
Income tax paid	(812,578)	(1,051,210)
Net cash generated from operating activities	<u>10,395,733</u>	<u>95,654</u>

(Continued)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (2,470)	\$ (46,147)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	6,384
Purchase of financial assets at amortized cost	(5,835,575)	(5,781,620)
Proceeds from sale of financial assets at amortized cost	327,297	8,287,451
Purchase of financial assets at fair value through profit or loss	(763,980)	(460,000)
Proceeds from sale of financial assets at fair value through profit or loss	576,012	2,403,568
Acquisition of subsidiary	(372,775)	-
Increase in prepayments for investment	(30,039)	-
Acquisition of property, plant and equipment	(789,407)	(346,123)
Proceeds from disposal of property, plant and equipment	363	444
Decrease in refundable deposits	3,202	5,233
Acquisition of intangible assets	(100,661)	(47,816)
Acquisition of right-of-use assets	-	(155,000)
Interest received	89,634	7,519
Dividends received	<u>10,995</u>	<u>9,003</u>
Net cash (used in) generated from investing activities	<u>(6,887,404)</u>	<u>3,882,896</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	776,886	600,000
Repayments of short-term borrowings	(776,886)	(600,000)
Proceeds from long-term borrowings	2,500,000	-
Repayments of long-term borrowings	(175,325)	-
Repayment of the principal portion of lease liabilities	(141,850)	(232,523)
Dividends paid to owners of the Company	(3,359,576)	(3,636,538)
Employee share options	<u>2,927</u>	<u>6,379</u>
Net cash used in financing activities	<u>(1,173,824)</u>	<u>(3,862,682)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(26,528)</u>	<u>18,924</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,307,977	134,792
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,437,668</u>	<u>2,302,876</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,745,645</u>	<u>\$ 2,437,668</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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue recognition

For the year ended December 31, 2022, the Group's net operating revenue was NT\$77,205,223 thousand. Refer to Notes 4, 24 and 38 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 2021. 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.

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, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

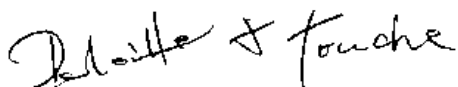
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 9, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 8,695,372	19	\$ 6,257,744	18
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	218,035	-	140,012	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	183,224	-	250,405	1
Financial assets at amortized cost - current (Notes 4, 9 and 32)	5,918,726	13	943,630	3
Notes and trade receivables, net (Notes 4, 5, 10, 22 and 32)	13,138,205	29	10,316,266	29
Receivables from related parties (Notes 4, 5, 32 and 33)	1,143	-	39	-
Other receivables (Notes 4, 10, 26 and 32)	581,505	1	405,586	1
Other receivables from related parties (Notes 4, 32 and 33)	9,223	-	9,078	-
Inventories (Notes 4, 5 and 11)	12,788,108	28	13,245,641	38
Prepayments (Notes 18 and 33)	341,067	1	195,793	1
Other current assets-other	8,153	-	18,039	-
Total current assets	<u>41,882,761</u>	<u>91</u>	<u>31,782,233</u>	<u>91</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	108,999	-	195,145	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	22,472	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	10,387	-	11,526	-
Property, plant and equipment (Notes 4, 14 and 38)	1,804,418	4	1,487,456	4
Right-of-use assets (Notes 4, 15 and 38)	1,641,644	4	1,069,801	3
Goodwill (Notes 4, 16 and 38)	1,930	-	1,930	-
Intangible assets (Notes 4, 17 and 38)	165,985	1	107,351	-
Deferred income tax assets (Notes 4 and 26)	151,492	-	22,531	-
Prepayments for equipment (Note 38)	77,114	-	24,683	-
Refundable deposits (Notes 32 and 38)	80,835	-	84,298	-
Other non-current assets-other (Notes 18, 34, 35 and 38)	<u>112,772</u>	<u>-</u>	<u>234,415</u>	<u>1</u>
Total non-current assets	<u>4,178,048</u>	<u>9</u>	<u>3,239,136</u>	<u>9</u>
TOTAL	<u>\$46,060,809</u>	<u>100</u>	<u>\$ 35,021,369</u>	<u>100</u>

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 24)	\$ 876,472	2	\$ 841,636	3
Trade payables (Note 32)	12,477,718	27	11,567,228	33
Accrued compensation of employees and remuneration of directors (Note 25)	1,514,916	3	1,053,040	3
Payables to contractors and equipment suppliers	60,692	-	110,169	-
Other payables (Notes 20 and 32)	2,993,251	7	2,295,178	7
Income tax payable (Notes 4 and 26)	2,071,691	5	1,168,369	3
Provisions - current (Notes 4 and 21)	264,711	1	102,430	-
Lease liabilities - current (Notes 4 and 15)	227,890	-	213,367	1
Deferred revenue - current (Notes 19 and 29)	8,838	-	11,075	-
Long-term borrowings - current portion (Notes 19, 29 and 32)	925,558	2	175,325	1
Refund liabilities - current (Note 24)	<u>145,940</u>	<u>-</u>	<u>105,639</u>	<u>-</u>
Total current liabilities	<u>21,567,677</u>	<u>47</u>	<u>17,643,456</u>	<u>51</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19, 29 and 32)	2,605,332	6	1,003,418	3
Deferred income tax liabilities (Notes 4 and 26)	268,380	1	-	-
Lease liabilities - non-current (Notes 4 and 15)	1,167,014	2	753,927	2
Deferred revenue - non-current (Notes 19 and 29)	15,703	-	37,019	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	7,726	-	29,782	-
Guarantee deposits (Note 32)	<u>816</u>	<u>-</u>	<u>816</u>	<u>-</u>
Total non-current liabilities	<u>4,064,971</u>	<u>9</u>	<u>1,824,962</u>	<u>5</u>
Total liabilities	<u>25,632,648</u>	<u>56</u>	<u>19,468,418</u>	<u>56</u>
EQUITY (Notes 4, 23 and 28)				
Share capital				
Ordinary shares	<u>5,601,399</u>	<u>12</u>	<u>5,599,204</u>	<u>16</u>
Capital surplus	<u>857,568</u>	<u>2</u>	<u>843,580</u>	<u>2</u>
Retained earnings				
Legal reserve	2,818,364	6	2,347,651	7
Special reserve	494,541	1	473,221	1
Unappropriated earnings	<u>11,169,304</u>	<u>24</u>	<u>6,834,835</u>	<u>19</u>
Total retained earnings	<u>14,482,209</u>	<u>31</u>	<u>9,655,707</u>	<u>27</u>
Other equity	<u>(462,016)</u>	<u>(1)</u>	<u>(494,541)</u>	<u>(1)</u>
Treasury shares	<u>(50,999)</u>	<u>-</u>	<u>(50,999)</u>	<u>-</u>
Total equity	<u>20,428,161</u>	<u>44</u>	<u>15,552,951</u>	<u>44</u>
TOTAL	<u>\$46,060,809</u>	<u>100</u>	<u>\$35,021,369</u>	<u>100</u>

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

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 33 and 38)	\$ 77,205,223	100	\$ 59,598,681	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 33)	<u>60,686,961</u>	<u>78</u>	<u>48,254,085</u>	<u>81</u>
GROSS PROFIT	<u>16,518,262</u>	<u>22</u>	<u>11,344,596</u>	<u>19</u>
OPERATING EXPENSES (Notes 4, 10, 22, 25 and 33)				
Selling and marketing	1,840,534	2	1,603,114	3
General and administrative	2,073,295	3	1,631,076	3
Research and development	2,972,931	4	2,668,321	4
Expected credit (gain) loss	<u>(1,106)</u>	<u>-</u>	<u>1,359</u>	<u>-</u>
Total operating expenses	<u>6,885,654</u>	<u>9</u>	<u>5,903,870</u>	<u>10</u>
OPERATING INCOME	<u>9,632,608</u>	<u>13</u>	<u>5,440,726</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 33)				
Interest income	179,228	-	32,470	-
Other income	99,428	-	165,543	1
Other gains and losses	433,860	1	136,425	-
Finance costs	(68,062)	-	(42,388)	-
Share of loss of associates	<u>(1,139)</u>	<u>-</u>	<u>(1,625)</u>	<u>-</u>
Total non-operating income and expenses	<u>643,315</u>	<u>1</u>	<u>290,425</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	10,275,923	14	5,731,151	10
INCOME TAX EXPENSE (Notes 4 and 26)	<u>2,110,111</u>	<u>3</u>	<u>1,026,093</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>8,165,812</u>	<u>11</u>	<u>4,705,058</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	20,266	-	(1,527)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(89,656)</u>	<u>-</u>	<u>21,569</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>122,181</u>	<u>-</u>	<u>(39,289)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>52,791</u>	<u>-</u>	<u>(19,247)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,218,603</u>	<u>11</u>	<u>\$ 4,685,811</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	8,165,812	11	4,705,059	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 8,165,812</u>	<u>11</u>	<u>\$ 4,705,058</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,218,603	11	\$ 4,685,812	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 8,218,603</u>	<u>11</u>	<u>\$ 4,685,811</u>	<u>8</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 14.64</u>		<u>\$ 8.44</u>	
Diluted	<u>\$ 14.45</u>		<u>\$ 8.36</u>	

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 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 (loss) 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
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256	-	13,256
Appropriation of 2021 earnings											
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576)	-	(3,359,576)
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656)	-	52,791	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656)	-	8,218,603	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927	-	2,927
BALANCE AT DECEMBER 31, 2022	\$ 5,601,399	\$ 857,568	\$ 2,818,364	\$ 494,541	\$ 11,169,304	\$ (371,447)	\$ (90,569)	\$ (50,999)	\$ 20,428,161	\$ -	\$ 20,428,161

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 10,275,923	\$ 5,731,151
Adjustments for:		
Depreciation expense	804,961	722,315
Amortization expense	61,693	44,203
Expected credit (gain) loss	(1,106)	1,359
Net loss (profit) on fair value changes of financial assets designated as at fair value through profit or loss	64,149	(184,106)
Finance costs	68,062	42,388
Interest income	(179,228)	(32,470)
Dividend income	(12,677)	(9,003)
Share of loss of associates	1,139	1,625
Loss (gain) on disposal of property, plant and equipment, net	2,699	(279)
Write-downs (reversal) of inventories	201,622	(40,744)
Unrealized loss (gain) on foreign currency exchange	152,175	(20,911)
Amortization of grant revenue	(8,838)	(11,075)
Gain on lease modification	(1)	(206)
Changes in operating assets and liabilities		
Notes and trade receivables, net	(2,944,220)	(1,417,174)
Receivables from related parties	(1,104)	337
Other receivables	(144,198)	(72,179)
Other receivables from related parties	(145)	737
Inventories	247,108	(5,025,875)
Prepayments	(145,274)	153,784
Other current assets	9,886	(7,066)
Contract liabilities	34,836	(113,682)
Notes and trade payables	1,027,828	2,868,543
Accrued compensation of employees and remuneration of directors	461,876	21,597
Other payables	676,560	(167,612)
Other payables to related parties	-	(1,867)
Provisions	161,939	18,130
Refund liabilities	35,779	45,038
Net defined benefit liabilities	(1,790)	(860)
Cash generated from operations	10,849,654	2,546,098
Interest paid	(54,737)	(27,105)
Income tax paid	(1,071,555)	(1,150,996)
Net cash generated from operating activities	<u>9,723,362</u>	<u>1,367,997</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(30,290)	(46,147)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	6,384
Purchase of financial assets at amortized cost	(6,241,187)	(6,948,290)

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from sale of financial assets at amortized cost	\$ 1,163,599	\$ 9,209,660
Purchase of financial assets at fair value through profit or loss	(1,169,445)	(1,766,442)
Proceeds from sale of financial assets at fair value through profit or loss	1,118,644	4,162,496
Net cash outflow on disposal of subsidiaries	-	(4,331)
Increase in prepayments for investment	(30,039)	-
Acquisition of property, plant and equipment	(951,531)	(480,256)
Proceeds from disposal of property, plant and equipment	6,106	1,837
Decrease (increase) in refundable deposits	3,447	(18,149)
Acquisition of intangible assets	(120,087)	(77,124)
Acquisition of right-of-use assets	-	(155,000)
Increase in other financial assets	(3,318)	(32,713)
Interest received	136,933	38,829
Dividends received	<u>12,677</u>	<u>9,003</u>
Net cash (used in) generated from investing activities	<u>(6,104,491)</u>	<u>3,899,757</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	776,886	600,000
Repayments of short-term borrowings	(776,886)	(600,000)
Proceeds from long-term borrowings	2,500,000	-
Repayments of long-term borrowings	(175,325)	-
Repayments of the principal portion of lease liabilities	(263,711)	(326,763)
Dividends paid to owners of the Company	(3,346,320)	(3,622,184)
Employee share options	<u>2,927</u>	<u>6,379</u>
Net cash used in financing activities	<u>(1,282,429)</u>	<u>(3,942,568)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>101,186</u>	<u>38,049</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,437,628	1,363,235
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,257,744</u>	<u>4,894,509</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,695,372</u>	<u>\$ 6,257,744</u>

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

(Concluded)

【 Attachment 4 】

Accton Technology Corporation

Comparison Table of Amended Provisions of Articles of Association

Article No.	Amended Provision	Current Provision	Explanatory Notes
2	<p>The Company undertakes the following businesses:</p> <p>(1) CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>(2) CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>(3) F401010 International Trade</p> <p><u>(4) CC01100</u> Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>(i) Radio transmitter</p> <p>(ii) Radio transceiver</p> <p>(iii) Radio receiver</p> <p>(iv) Radiation-emitting industrial, scientific, medical electronic device</p> <p>(v) Other electronic device that generates wireless radiant energy</p> <p><u>(5) CC01080</u> Electronic Parts and Components Manufacturing</p> <p><u>(6)</u> Research, develop, produce, manufacture, and sales on the following products:</p> <p>(i) Computer network system including hardware, system software, web application software, and network workstation.</p> <p>(ii) Customer premises equipment including hardware, system software and application software.</p> <p>(iii) Optoelectronic communication subsystem including optical network, optoelectronic communication module, fiber optic repeater.</p> <p>(iv) Application-specific integrated circuit (ASIC) related to the</p>	<p>The Company undertakes the following businesses:</p> <p>(1) CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>(2) CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>(3) F401010 International Trade</p> <p>(4) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import</p> <p>(i) Radio transmitter</p> <p>(ii) Radio transceiver</p> <p>(iii) Radio receiver</p> <p>(iv) Radiation-emitting industrial, scientific, medical electronic device</p> <p>(v) Other electronic device that generates wireless radiant energy</p> <p>(5) CC01104 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>(i) Radio transmitter</p> <p>(ii) Radio transceiver</p> <p>(iii) Radio receiver</p> <p>(iv) Radiation-emitting industrial, scientific, medical electronic device</p> <p>(v) Other electronic device that generates wireless radiant energy</p> <p>(6) CC01080 Electronic Parts and Components Manufacturing</p> <p>(7) Research, develop, produce, manufacture, and sales on the following products:</p> <p>(i) Computer network system including hardware, system software, web application software, and network workstation.</p> <p>(ii) Customer premises equipment including hardware, system software and application software.</p> <p>(iii) Optoelectronic communication subsystem including optical network, optoelectronic communication module, fiber optic repeater.</p> <p>(iv) Application-specific integrated circuit (ASIC) related to the</p>	In response to amendment of related regulations

	<p>aforementioned products.</p> <p>(v) Uninterruptible power supply, power supply unit, and components relating to the aforementioned products.</p> <p>(vi) Integrated services digital network point-of-sale system</p> <p>(vii) Integrated services digital network demultiplexer</p> <p>(viii) Cellular mobile telephone network packet data system</p> <p>(ix) Wireless local area network</p> <p>(x) Wireless subscriber loop system</p> <p>(xi) Satellite phone and related communication equipment, product related technology consulting, installation, maintenance, engineering design service, consultancy service and network service, and technology transfer.</p> <p>(xii) Internet phone and related communication equipment, and product-related technology consulting, installation, maintenance, engineering design service, consultancy and network service, and technology transfer.</p> <p>(xiii) Import and export business related to the Company's business.</p>	<p>aforementioned products.</p> <p>(v) Uninterruptible power supply, power supply unit, and components relating to the aforementioned products.</p> <p>(vi) Integrated services digital network point-of-sale system</p> <p>(vii) Integrated services digital network demultiplexer</p> <p>(viii) Cellular mobile telephone network packet data system</p> <p>(ix) Wireless local area network</p> <p>(x) Wireless subscriber loop system</p> <p>(xi) Satellite phone and related communication equipment, product related technology consulting, installation, maintenance, engineering design service, consultancy service and network service, and technology transfer.</p> <p>(xii) Internet phone and related communication equipment, and product-related technology consulting, installation, maintenance, engineering design service, consultancy and network service, and technology transfer.</p> <p>(xiii) Import and export business related to the Company's business.</p>	
3	The Company set up its headquarters at Hsinchu Science Park and may establish subsidiaries at home or abroad where necessary, upon resolution of the Board of Directors and approval of the competent authority.	The Company set up its headquarters at No. 1, Yanxin 3rd Rd., Hsinchu City , Hsinchu Science Park, Hsinchu City, and may establish subsidiaries at home or abroad where necessary, upon resolution of the Board of Directors and approval of the competent authority.	Adjust the written of company's address
6	The shares issued by the Company shall be registered shares. They shall be affixed with the signatures or personal seals by the chairman , assigned serial numbers, and shall be duly certified or authenticated by the institution which is competent to certify shares under the laws before issuance thereof.	The shares issued by the Company shall be registered shares. They shall be affixed with the signatures or personal seals of more than three directors , assigned serial numbers, and shall be duly certified or authenticated by the institution which is competent to certify shares under the laws before issuance thereof.	In response to amendment of related regulations
21	<p>Act or other laws and regulations shall govern.</p> <p>.....</p> <p>The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. The 36th amendment was on June 16, 2022. <u>The 37th amendment was on June 15, 2023.</u></p>	<p>Act or other laws and regulations shall govern.</p> <p>.....</p> <p>The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. The 36th amendment was on June 16, 2022.</p>	Added the date of the latest amendment

【 Attachment 5 】

Accton Technology Corporation

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

Article	Amended Clauses	Existing Clauses
Article 7(I)	<p>Procedures for Handling Acquisition and Disposal of Real Property and Equipment</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board; for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p> <p>(II) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, 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 from the President shall be obtained; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board; for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p>	<p>Procedures for Handling Acquisition and Disposal of Real Property and Equipment</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p> <p>(II) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, 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 from the President shall be obtained; for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</p>
Article 8(I)	<p>Procedures for Handling Acquisition and Disposal of Securities Investment</p> <p>I. Appraisal, operating procedures, and level of authorization</p> <p>(I) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be</u></p>	<p>Procedures for Handling Acquisition and Disposal of Securities Investment</p> <p>I. Appraisal, operating procedures, and level of authorization</p> <p>(I) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be</p>

	<p><u>obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval..</u></p> <p>(II) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of <u>money market fund, quasi money market fund</u>, bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the board of directors for approval.</u></p>	<p>submitted to the Board of Directors for approval.</p> <p>(II) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be submitted to the board of directors for approval.</p>
Article 10(I)	<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; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p> <p>(II) Procedures for disposal 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</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 disposal 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</p>

	<p>price. For book value or appraised value of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p>	<p>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>
Article 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.</p> <p>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 directors referred to in the preceding paragraph shall be calculated by the actual incumbents.</p> <p>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. The 9th amendment was on June 16, 2022. <u>The 10th amendment was on June 15, 2023.</u></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.</p> <p>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 directors referred to in the preceding paragraph shall be calculated by the actual incumbents.</p> <p>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. The 9th amendment was on June 16, 2022.</p>

Chapter 4 Appendices

【 Appendix 1 】

Accton Technology Corporation

Articles of Association (Before Amendment)

Chapter 1 General Provisions

- Article 1 : The Company is established in accordance with the Company Act, with the name Accton Technology Corporation.
- Article 2 : The Company undertakes the following businesses:
1. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 2. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 3. F401010 International Trade
 4. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
 - (1) Radio transmitter
 - (2) Radio transceiver
 - (3) Radio receiver
 - (4) Radiation-emitting industrial, scientific, medical electronic device
 - (5) Other electronic device that generates wireless radiant energy
 5. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
 - (1) Radio transmitter
 - (2) Radio transceiver
 - (3) Radio receiver
 - (4) Radiation-emitting industrial, scientific, medical electronic device
 - (5) other electronic device that generates wireless radiant energy
 6. CC01080 Electronic Parts and Components Manufacturing
 7. Research, develop, produce, manufacture, and sales on the following products:
 - (1) Computer network system including hardware, system software, web application software, and network workstation.
 - (2) Customer premises equipment including hardware, system software and application software.
 - (3) Optoelectronic communication subsystem including optical network, optoelectronic communication module, fiber optic repeater.
 - (4) Application-specific integrated circuit (ASIC) related to the aforementioned products.
 - (5) Uninterruptible power supply, power supply unit, and components relating to the aforementioned products.
 - (6) Integrated services digital network point-of-sale system
 - (7) Integrated services digital network demultiplexer
 - (8) Cellular mobile telephone network packet data system
 - (9) Wireless local area network
 - (10) Wireless subscriber loop system
 - (11) Satellite phone and related communication equipment, product related technology consulting, installation, maintenance, engineering design service, consultancy service and network service, and technology transfer.
 - (12) Internet phone and related communication equipment, and product-related technology consulting, installation, maintenance, engineering design service, consultancy and network service, and technology transfer.

(13) Import and export business related to the Company's business.

- Article 2-1 : The Company's total investment may exceed 40% of its paid-up capital.
- Article 2-2 : The Company may make endorsement/guarantee for external parties due to business requirements.
- Article 3 : The Company set up its headquarters at No. 1, Yanxin 3rd Rd., Hsinchu Science Park, Hsinchu City, and may establish subsidiaries at home or abroad where necessary, upon resolution of the Board of Directors and approval of the competent authority.
- Article 4 : The Company's public notice shall be in accordance to the relevant regulations of the Company Act, unless otherwise stated by the competent authority for securities.

Chapter 2 Shareholding

- Article 5 : The paid-up capital of the Company shall be NT\$8.8 billion, divided as 880,000,000 shares, with a par value of NT\$10 per share, and may be issued in installments. 87,000,000 shares from the total paid-up capital in the preceding paragraph shall be retained as subscription warrant, corporate bonds with warrants, and exercise of stock options for preferred shares with warrants, and may be issued in instalments by a resolution of the Board of Directors.
- Article 6 : The shares issued by the Company shall be registered shares. They shall be affixed with the signatures or personal seals of more than three directors, assigned serial numbers, and shall be duly certified or authenticated by the institution which is competent to certify shares under the laws before issuance thereof.
- Article 6-1 : The Company may be exempted from printing any stock certificate for the shares issued. However, the Company shall appoint a centralized securities depository enterprise to register such shares.
- Article 6-2 : To transfer shares to employees at less than the average actual share repurchase price, the Company shall act pursuant to Article 10-1 and Article 13 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, and obtain the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.
- Article 6-3 : To issue employee stock warrants with subscription price lower than market price, the Company shall act pursuant to Article 56-1 and Article 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and obtain the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares.
- Article 6-4 : 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.
- Article 7 : The transfer of shares shall be suspended within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus, or other benefits.
- Article 7-1 : Share-related matters of the Company are handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authorities.

Chapter 3 Shareholders' meeting

- Article 8 : Shareholders' meetings comprise of two types: General shareholders' meeting and Special shareholders' meeting. General shareholders' meetings shall be convened once a year within six months from the end of each fiscal year. Special shareholders' meetings may be convened when necessary in accordance with the laws.
- Article 8-1 : A notice to convene a general shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and no later than 45 days for shareholders holding bearer share certificates. A notice to convene a special shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date, and no later than 30 days for shareholders holding bearer share certificates.

- Article 9 : A shareholder may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a proxy form stating therein the scope of power authorized to the proxy. Method of attendance by proxy, besides acting pursuant to the regulations stated in Article 177 of the Company Act, shall also follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.
- Article 10 : Unless otherwise stated in relevant laws and regulations, a shareholder shall have one vote for each share held.
- Article 11 : Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent a majority of the total number of voting shares.
- Article 11-1 : 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.

Chapter 4 Directors and Audit Committee

- Article 12 : The Company shall have 5 to 9 directors, with at least 3 independent directors, and at least one-fifth of the board seats, for a term of 3 years. Election of directors adopts a candidate nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates, and the directors are eligible for re-election. Independent and non-independent directors are elected at the same time, but in separately calculated numbers.
- The nomination and election methods for director candidates, and independent director's professional qualifications, restrictions on both shareholding and concurrent positions held, and other matters to be complied, shall follow relevant laws and regulations such as Company Act and Securities and Exchange Act.
- Article 12-1 : The Company may take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy.
- Article 12-2 : The following relationships may not exist among more than half of the Company's directors:
- (1) Spouse
 - (2) Relatives within the second degree of kinship.
- Article 12-3 : The Company shall act pursuant to Article 14-4 of the Securities and Exchange Act and establish an Audit Committee, composing the entire number of independent directors.
- The number, term of office, responsibilities, and rules of procedures, of the Audit Committee, shall be separately stipulated under the Audit Committee Charter in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.
- Article 13 : The Board of Directors shall elect a Chairman and a Vice Chairman of the Board Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board of Directors shall internally preside the shareholders' meeting and the meeting of the Board of Directors, and shall externally represent the Company. When a director is absent, he/she shall appoint another director to attend the meeting as proxy by executing a proxy form stating the scope of power authorized to the proxy.
- The reasons for calling a Board of Directors and Audit Committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected in writing, such as letter, fax, or e-mail. Except as otherwise stated in the Company Act, a resolution on a matter at a Board of Directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.
- Article 14 : In case the Chairman of the Board of Directors is on leave, absent, or cannot exercise his/her power and authority for any cause, his/her representative shall be selected according to Article 208 of the Company Act.

- Article 14-1 : The duties and power of the Board of Directors are as follows:
1. Review and approval of business plan.
 2. Review and approval of profit distribution.
 3. Review and approval of capital increase/decrease.
 4. Review and approval of important rules and regulations and contracts.
 5. Appointing or dismissal of the General Manager and Deputy General Managers.
 6. Establishing or abolishing branches.
 7. Review and approval of budget and final accounts.
 8. Review and approval of real estate purchase/sales and investment in other businesses.
 9. Appointment of directors and supervisors in subsidiaries and re-invested companies.
 10. Decisions of other important items.

- Article 15 : The Board of Directors is delegated to determine the remuneration to directors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry.

Chapter 5 Managers

- Article 16 : The Company may have managerial personnel whose appointment, discharge and remuneration shall be handled in accordance with the Company Act.

Chapter 6 Accounting

- Article 17 : Upon closing of each fiscal year of the Company, the Board of Directors shall prepare various reports and financial statements in accordance to the regulations:

1. Business report
2. Financial statements
3. Surplus earnings distribution or loss make-up proposal, to be submitted to the shareholders' meeting for approval.

- Article 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 of the parent or subsidiaries 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.

Chapter 7 Supplementary Provisions

- Article 19 : If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses, and then reserve 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the paid-in capital of the Company, the Company no longer has to reserve, and the rest may be reserved or reversed as special surplus reserve. If there are undistributed earnings left, it will be combined with accumulated undistributed earnings and the Board of Directors will propose an earnings distribution motion and ask the shareholders to resolve on the shareholders dividend proposal at the shareholders' meeting.

The Company's dividend policy shall be in line with its current and future development plan, taking into consideration the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders. Distribution of dividends and bonuses to shareholders may be in the form of cash or shares, and the cash dividend shall not be less than 50% of the total dividend.

- Article 20 : In regard to all matters not provided for in the Articles of Association, the Company Act or other laws and regulations shall govern.

Article 21 : The Articles of Association was established on The 1st amendment was on The second amendment was made on August 25, 1988. The third amendment was made on April 27, 1989. The fourth amendment was made on September 23, 1989. The fifth amendment was made on January 25, 1990. The sixth amendment was made on February 9, 1990. The seventh amendment was made on March 1, 1990. The eighth amendment was made on May 25, 1990. The ninth amendment was made on September 22, 1990. The tenth amendment was made on March 20, 1991. The eleventh amendment was made on April 13, 1992. The twelfth amendment was made on May 26, 1993. The thirteenth amendment was made on April 28, 1994. The fourteenth amendment was made on May 29, 1995. The fifteenth amendment was made on June 25, 1996. The sixteenth amendment was made on May 9, 1997. The seventeenth amendment was made on December 15, 1998. The eighteenth amendment was made on. The nineteenth amendment was made on. The twentieth amendment was made on. The twenty-first amendment was made on. The twenty-second amendment was made on. The twenty-third amendment was made on. The twenty-fourth amendment was made on. The twenty-fifth amendment was made on June 17, 2003. The twenty-sixth amendment was made on. The twenty-seventh amendment was made on June 15, 2004. The twenty-eighth amendment was made on. The 29th amendment was on June 4, 2010. The 30th amendment was on June 9, 2011. The 31st amendment was on June 19, 2012. The 32nd amendment was on June 13, 2014. The 33rd amendment was on June 10, 2015. The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. The 36th amendment was on June 16, 2022.

Accton Technology Corporation

Chairman: Kuan Xin Investment Corp.

Representative: Lin, Meen-Ron

Accton Technology Corporation
Rules of Procedure for Shareholders' Meetings

- Article 1 : The Company's shareholders' meetings shall be handled as per the Rules.
- Article 2 : The rules and procedures for the Company's shareholders' meetings, except as otherwise provided by laws and regulations, or the articles of association, shall be in accordance with the Rules.
- Article 3 : 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.
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.
When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
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.
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.
- Article 4 : 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.
The aforementioned requirements on meeting venues are not applicable to meetings held via visual communication network.
- Article 5 : The Company shall indicate on the meeting notice the check-in time and location for shareholders, solicitors, and proxies (hereinafter collectively referred to as “shareholders”), and other matters for attention.
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.
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 meeting platform, and shareholders who completed the registration shall be deemed as attending in person.
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.
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.
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.
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.
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.

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.

Article 5-1 : When convening shareholders' meetings via visual communication network, the Company shall state the following matters in the shareholders meeting notices:

- I. Methods for shareholders to participate in meetings held via visual communication network and exercise rights.
- II. The following matters shall be 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:
 - (I) 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.
 - (II) 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.
 - (III) 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.
 - (IV) Where all motions have been declared without provisional motion, the manner in which they are handled.
- III. For meetings held via visual communication network, appropriate alternative plans to shareholders with difficulties in participate meetings via visual communication network shall be stated.

Article 6 : The Chairman of the Board shall chair shareholders' meetings if the meeting is convened by the Board of Directors. In the event the Chairman is on leave or unable to exercise his/her authority, the Vice Chairman, if available, shall act on his/her behalf. In the absence of a Vice Chairman, or the Vice Chairman is also on leave or unable to exercise his/her authority, the Chairman shall designate a managing director to act on his/her behalf. In the absence of Managing Directors, a director shall be designated. If none has been designated by the Chairman, a managing director or director shall be elected to act on the Chairman's behalf from among all managing directors or directors of the Company.

When a managing director or a director is to chair the meeting as described in the preceding paragraph, such managing director or director shall have held that position for at least six months and who is familiar with the financial and business conditions of the company. The same principle applies for representatives of juristic person directors.

Shareholders' meetings convened by the Board of Directors shall be attended by a majority of the directors.

For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting. However, if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The Company may appoint its attorneys, certified public accountants (CPA), or other related persons to attend a shareholders' meeting in a non-voting capacity.

Article 7 : 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.

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.

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.

For meetings held via visual communication network, the Company shall make records and video the background operation interface of the meeting platform.

Article 8 : 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, and the sign-up records on the video conferencing platforms plus the number of shares whose voting rights are exercised by correspondence or 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.

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.

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. For meetings held via visual communication network, the adjournment of the meeting shall be announced separately on the video conferencing platforms.

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. 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.

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.

Article 9 : If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. The motions (including special motions or amended motions) shall be passed one at a time, and the meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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.

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.

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, and allow sufficient time for voting.

Article 10 : Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number) and account name. The order in which shareholders speak will be set by the chair.

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.

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.

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.

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.

After an attending shareholder has spoken, the chair may respond in person or designate a relevant member of personnel to respond.

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.

If the aforementioned questions do not violate the rules or exceed the scope of the agenda item, it is advised to disclose them on the video conferencing platforms for everyone's information.

Article 11 : Voting at a shareholders' meetings shall be calculated based the number of shares.

With respect to the resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12 : 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.

When the Company holds a shareholders' meeting, the shareholders shall exercise voting rights by correspondence or electronic means. 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. Therefore, it is advised to refrain from proposing extraordinary motions, or amendments to original motions.

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.

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 or via visual communication network, 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 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.

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).

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 monitoring personnel shall be shareholders of the Company.

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.

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.

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 Article 5 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.

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 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.

Article 13 : The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of weight of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody 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.

Article 14 : 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.

The meeting minutes shall accurately record the year, month, day, and meeting venue,

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.

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.

When holding meetings via visual communication network, the Company shall carry out in accordance with the provisions of the preceding paragraph and provide appropriate alternative plans to shareholders with difficulties in attending meetings via visual communication network in the minute book.

Article 15 : 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.

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.

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.

Article 16 : Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

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 identification card or armband bearing the word "Proctor."

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.

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.

Article 17 : 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.

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.

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.

Article 18 : 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.

Article 19 : 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 meeting is called to order.

Article 20 : 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.

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.

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.

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.

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.

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.

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.

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.

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 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.

- Article 21 : 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.
- Article 22 : The Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.
- Article 23 : 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. Seventh amendment made on June 16, 2022.

【Appendix 3】

Accton Technology Corporation Procedures for Acquisition and Disposal of Assets (Before Amendment)

Article 1 : Legal Compliance

The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and the "Regulations Governing the Acquisition and Disposal of Assets for Public Issuing Companies" by the Financial Supervisory Commission (hereinafter referred to as "FSC").

Article 2 : Scope of Assets

- I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. real property (including land, structures and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfers of shares in accordance with law.
- IX. Other major assets

Article 3 : Definition of Terms

1. Derivatives: refers to the forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts derived from specific interest rate, financial instrument price, commodity price, foreign exchange rates, price or rate indices, credit rating or credit indices, or other variables, compound contracts combining the above-mentioned contracts, or a compound contract embedded with a derivative product or a composite contract formed by a structured product, etc. The "forward contracts" here do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase/sale contracts.
2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfers of shares in accordance with law: This refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts. This also includes the transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "transfer of shares") under Article 156-3 of the Company Act.
3. Related Party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. Professional appraiser: Refers to a real property appraiser or another person duly authorized by the laws to engage in the value appraisal of real property or equipment.
6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or other date

that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
8. "Within the preceding year" refers to the year preceding the date of the current asset acquisition or disposal. Items duly announced in need not be counted toward the transaction amount.
9. "Most recent financial report" refers to the publicly disclosed financial statements that have been reviewed or audited by a certified public accountant according to the law prior to the acquisition or disposal of assets.
10. Professional investors: Refers to establishments in accordance with the law and managed by the local financial authority, including financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities firms engaged in proprietary trading or underwriting business, futures companies engaged in proprietary trading, securities investment trust business, securities investment consulting business and fund management companies.
11. Stock Exchange: The domestic stock exchange refers to the Taiwan Stock Exchange Corporation; foreign stock exchanges refer to any organized stock exchange markets managed by the securities authorities of the countries.
12. Business premises of securities companies: Business premises of domestic securities firms refer to places where securities firms shall set up counters to conduct transactions in accordance with the provisions of measures governing the securities trading at the business premises of securities firms; business premises of foreign securities firms refer to the business premises of financial institutions which are managed by a foreign securities authority and may engage in securities business.

Article 4 : Investment Scope and Amount

1. The Company and its subsidiaries acquiring or disposing of assets, where asset type are land, factory, equipment for business use, the amount will not be limited; for short-term capital movement, the net value of short-term securities shall not be more than 40% of the Company's net worth, and the counterparty or object of each transaction shall not be more than 20% of the Company's net worth.
2. The Company and its subsidiaries may purchase real properties and right-of-use assets for non-business use with an amount not exceeding 40% of the Company's paid-up capital.
3. Long-term equity investment of the Company and its subsidiaries shall not exceed 150% of the net worth the Company concerned.
4. However, for subsidiaries whose business is investment, the total short-term securities and long-term equity investment shall not exceed 200% of the Company's net worth.

Article 5 : 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.

1. 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.
2. The parties to the transaction shall not be related party or have material connections.

3. 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 have it handled as the self-discipline standards of the Company's associations and the follow matters:

1. Before accepting a case, one should carefully assess one's own professional competence, practical experience and independence.
2. When executing cases, the appropriate operating procedure should be properly planned and implemented so as to form a conclusion and issue a report or a written opinion accordingly; opinion; accordingly, and the implemented procedure, collected information and conclusions shall be reported in details in the working paper of the case.
3. The appropriateness 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.
4. The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the appropriateness and reasonableness of the information used and the compliance with the relevant laws and regulations.

Article 6 : With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's stipulated procedures or other laws or regulations, if a 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.

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 meeting minutes of the Board of Directors.

After the Audit Committee has been established in the Company, any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. 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.

The terms "all Audit Committee members" and "all directors" in Paragraph 3 shall be counted as the actual number of persons currently holding those positions.

Article 7 : Procedures for Handling Acquisition and Disposal of Real Property and Equipment

1. Appraisal and operating procedures

- (1) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.
- (2) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, 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 from the President shall be obtained; for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.

2. Determination procedures for transaction terms

- (1) When the Company intends to acquire or dispose of land or buildings, it shall first obtain an appraisal report from an objective, fair and independent professional real property valuation organization. If a transaction amount exceeds NT\$1 billion, appraisals from two or more professional valuation organizations shall be obtained. If an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, it shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the originally announced transaction amount and appraisal result shall be amended and reported. Engaging an expert to issue a report shall be handled in accordance with Paragraph 4 of this Article.
 - (2) Shall be handled in accordance with Article 6 of the Procedures.
3. Implementing unit
- The head of the President's Office shall convene the relevant personnel to handle matters regarding the acquisition, sale and disposal of fixed assets of the Company and its subsidiaries, if the amount is within the limit stipulated in Article 4.
- (1) Real properties: The President's Office and general affairs units.
 - (2) Equipment: User unit to submit a request for the procurement unit to process.
4. Appraisal report for real property or equipment
- 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:
- (1) 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.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) 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:
 - i. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - ii. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
 - (4) 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.
 - (5) 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.

Article 8 : Procedures for Handling Acquisition and Disposal of Securities Investment

1. Appraisal, operating procedures, and level of authorization

- (1) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.
 - (2) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; for amount exceeding NT\$50 million, it shall be submitted to the board of directors for approval.
2. Determination procedures for transaction terms
- (1) For acquisition and disposal of securities investment with the transaction amount of NT\$300 million or below, the implementing unit shall fully assess the reasonableness of its trading terms, and handle in accordance with paragraph 1 of this Article; for transactions with the amount over NT\$3 billion, they shall be handled in accordance with paragraph 4 of this Article. However, the aforementioned limit does not apply for: purchase or selling of open-ended domestic beneficiary certificate or offshore mutual funds from the centralized market or securities firms, original subscription (include set up subscription and cash capital increase subscription), securities of the issuing company, from public sale conducted to meet the criteria governing the dispersion of share ownership for listing, and buying and selling of bonds.
 - (2) Shall be handled in accordance with Article 6 of the Procedures.
3. Implementing unit
- Matters pertaining to securities investment and disposal by the Company and its subsidiaries, if the amount is within the limit stipulated in Article 5, the head of President's Office shall convene the relevant financial units for the relevant personnel to execute the tasks.
4. Obtaining expert opinion
- (1) The Company acquiring or disposing of securities of transaction amount 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.
 - (2) 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.

Article 9 : Procedures for Handling Related Party Transactions

1. 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.

2. Appraisal and operating procedures

When the Company intends to acquire or 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:

- (1) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with Paragraph 1 of this Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

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 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. The calculation of the transaction amounts referred to in Paragraph 2 and the preceding paragraph 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 shareholders' meeting and the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

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.

- (1) Acquisition or disposal of equipment or right-of-use assets for business use.
- (2) Acquisition or disposal of real property 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 minutes of the Board of Directors meeting.

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.

3. Evaluation of the reasonableness of transaction costs

(1) 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:

(I) 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 industry lending rate announced by the Ministry of Finance.

(II) 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.

(2) 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.

(3) 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.

(4) 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 accountant, this restriction shall not apply:

(I) Where the related party acquires undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

i. 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.

ii. 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.

- (II) 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 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.
- (5) 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.
 - (I) 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 proportion consistent with the share of the Company's equity stake in the other company.
 - (II) 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.
 - (III) 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.
- (6) 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:
 - (I) The related party acquired the real property or right-of-use assets through inheritance or as a gift.
 - (II) 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.
 - (III) 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.

(IV) 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.

(7) When the Company obtains real 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.

Article 10 : Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership

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.

1. Appraisal and operating procedures

(1) 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.

(2) Procedures for disposal 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.

2. Determination procedures for transaction terms

(1) 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 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.

(2) Shall be handled in accordance with Article 6 of the Procedures.

3. 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.

Article 11 : The calculation of the transaction amount in Article 7, Article 8 and Article 10, shall be based on Article 31, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.

Article 12 : Procedures for Handling Acquisition and Disposal of Claims of Financial Institutions

In principle, the Company does not engage in any acquisition or disposal of claims of financial institutions. If the Company intends to acquire or dispose of claims of financial institutions in the future, it shall be submitted to the board of directors for approval before the establishment of corresponding appraisal and operating procedures.

Article 13 : Procedures for Handling Acquisition and Disposal of Derivative Products

1. Trading principles and methods

(1) Transaction types

(I) The Company's derivatives products refer to transaction contracts (such as forward

contracts, options contracts, futures contracts, swap contracts, and compound contracts combining the above products), whose value is derived from assets, interest rates, foreign exchange rates, indexes, or other interests, and do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) agreements.

- (II) Matters pertaining to bond margin trading shall be handled in accordance with the relevant provisions of the Procedures. The Procedures is not applicable for trading of securities with repurchase agreement.

(2) Operating (hedging) strategies

- (I) The Company's derivatives product transactions comprise of two types, namely "hedging" and "investment" purpose, each with different risk position limit, compulsory stop-loss limit and accounting principles. The former refers to reducing the risk from existing assets, liabilities or non-cancellable commitments, or when-issued trading, through product transaction; while the latter refers to holding or issuing derivatives products for the purpose of gaining from price difference from product transaction and acceptance of risk.

- (II) The Company's profit shall come from normal operation, hence foreign exchange operations of derivatives products shall be squared off in the Company's overall internal position (refers to foreign exchange income and expenditure), to reduce the Company's overall foreign exchange risk and reduce foreign exchange operating cost.

(3) Scope of responsibilities

(I) Finance department:

i. Powers and responsibilities

Senior management personnel of Assistant Vice President (inclusive) and above from the Finance and Administration Center to pay continuous attention to monitoring and controlling derivatives trading risk

ii. Implementing unit

Due to the nature of ever-changing derivatives products, the potential transaction risk and calculation of gain and loss are also rapidly changing and highly complex, and involves the Company's account receivable and payable information; hence, execution shall be handled by financial personnel. This does not apply to other non-financial personnel authorized by the President in handling derivatives trading.

iii. Trading personnel

- (i). In charge of establishing foreign exchange operations strategies for the entire company.

- (ii). In response to the unpredictable foreign exchange market, the finance department shall collect the relevant information at all times, determine the trend, conduct risk assessment, be familiar with financial products and laws and regulations, consider the Company's foreign exchange position, and establish operational strategies for the President's approval, to be used as basis for avoiding risk.

- (iii). Based on the Company's turnover, import and export volume, determine foreign exchange position, set periodic (monthly or quarterly) bottom line for risk aversion so as to reduce the level of risk exposure of foreign exchange position.

- (iv). Carry out various hedging transactions in accordance with authorization.

- (v). When there are major changes in the financial market or when the trading personnel determine the existing strategies are no longer appropriate, evaluation reports shall be presented and strategies re-established in order to be used as the basis of transaction upon approval by the President.

iv. Accounting personnel

- (i). Execute trading confirmation.

- (ii). Review whether transaction is executed in accordance with authorization and existing strategies.
- (iii). Accurately grasp the foreign exchange position and cost that have occurred to the Company to provide the finance department with hedging basis.
Accounting treatment.
- (iv). Report and disclose information in accordance with the regulations of Securities and Futures Bureau, FSC.
- v. Settlement personnel: Execute settlement duties.
- vi. Authorization limit and level of derivatives products:

- (i). Authorization limit and level of derivatives products (hedging, investment transactions):

Hedging transactions limit

Authorizing personnel	Daily trading permission	Accumulated open interest trading permission
Chairman	USD 150 million	USD 450 million
President	USD 100 million	USD 300 million
Vice President - Finance	USD 60 million	USD 150 million

If the daily trading amount or accumulated open interest exceeds the authorization limit, approval shall be obtained from personnel with the corresponding authorization limit. For transactions exceeding the above authorization, approval shall be obtained from the board of directors.

When there are changes in the aforementioned personnel, approval shall be obtained from the President and Chairman.

Investment limit

Foreign exchange transaction's authorizing personnel and trading limit are the same as that of the hedging transaction.

- (ii). In accordance with Article 6 of the Procedures.

(II) Audit department

- i. The Company's internal audit personnel shall periodically assess the suitability of the internal controls on derivatives and conduct monthly audits on the derivatives trading to ensure proper adherence to the Procedures, analyze trading cycles, and prepare an audit report. If any material violation is discovered, the supervisors shall be notified in writing.
- ii. The internal audit personnel shall submit the audit report and annual review on internal audit procedures to the competent authority of securities before the end of February in the subsequent year, and submit improvement status of abnormal events to the competent authority of securities for recordation by the end of May of the subsequent year.

Upon the establishment of an independent director, the Company shall notify the Independent Director in writing of the matters notified to the supervisors in accordance with the preceding paragraph.

After the company has set up an audit committee, the first provision for supervisors shall apply mutatis mutandis to the Audit Committee.

(III) Performance evaluation

- i. Hedging transaction:
 - (i). Performance evaluation is based on the profit or loss generated from the book value of the Company's exchange rate cost and transactions of derivative financing.
 - (ii). To fully control and express the evaluation risk of trading, the Company adopts the monthly evaluation method to assess the profit and loss.
 - (iii). Finance department shall provide the President with foreign exchange position

valuation and foreign exchange market trend and analysis on a monthly basis as management reference and instruction.

ii. Investment transaction:

Actual profit and loss shall be used as the basis for performance evaluation, and regular reports of the position shall be prepared as a reference for the management.

(IV) Setting of total contract value and stop-loss limit

i. Total contract value

(i). Hedging transactions limit

The finance department shall control the Company's overall position to avoid trading risk. Hedging transaction amount shall not exceed the total import and export transactions for 6 months, plus the total foreign currency asset and liability due within the next half year.

(ii). Investment transaction limit

Pertaining to prediction of market movement, the finance department may establish exchange rate and interest rate risk transaction plan where necessary, and submit to the President and Chairman for approval. Trading amount shall not exceed 20% of the Company's net worth.

ii. Setting stop-loss limit

(i). For hedge trading, the individual contract stop-loss amount shall not exceed US\$100,000 or 5% of the contract amount, whichever is lower.

(ii). For investment contract, if all contracts' loss amount exceeds 5% of the transaction amount, the relevant top management shall be convened immediately to discuss on countermeasures. The individual contract stop-loss amount shall not exceed US\$100,000 or 5% of the transaction amount, whichever is lower.

2. Risk management procedures

(1) Credit risk management: As operating risks in derivative products are easily affected by various market factors, the following principles in terms of market risk management shall be complied:

(I) The Company shall place orders mainly through internationally renowned banks.

(II) Products to be traded are limited to products provided by internationally renowned banks.

(III) Orders placed in the same bank shall not exceed US\$20 million, unless approval is obtained from the President and Chairman.

(2) Market risk management: The market is dominated by open foreign exchange market between banks and customers.

(3) Liquidity risk management: To ensure transaction liquidity, financial instruments with high liquidity (i.e., able to square off in the market at all times) should be given priority, and the trading bank needs to have sufficient information and ability to trade in any markets at all times.

(4) Cash flow risk management

To ensure that the Company maintains a stable level of operational funds, the Company shall only engage in derivative trading with its own funds, and the trading volume shall take into consideration the demand for funds based on the cash flow forecasts for the next three months.

(5) Operational risk management

(I) The Company's authorized transaction amount and operating procedures shall be fully complied, and internal audit shall be undertaken to avoid operational risk.

(II) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(III) Risk measurement, monitoring, and control personnel shall be assigned to personnel of different departments from the preceding subparagraph, and shall report to the Board of Directors or senior management personnel with no responsibility in trading

or position decision-making.

(IV) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

(6) Product risk management

Internal traders shall possess complete and accurate professional knowledge on financial products, and require banks to sufficiently disclose risks involved to avoid the risk of utilizing inaccurate financial products.

(7) Legal risk management:

To prevent legal risks, any document signed with a financial institution shall be inspected by a foreign exchange department and legal department or legal consulting experts prior to official signing.

3. Internal audit system

(1) The Company conducts internal audits on derivatives in order to assist the unit heads to comprehend if their subordinates, while handling businesses and verifying operations, comply with the laws and regulations and the Company's internal regulations so as to provide timely suggestions for improvement and enhance management performance.

(2) Duties of audit personnel:

(I) Regular operational checks.

(II) Unscheduled review of abnormal movements and special circumstances.

(III) Assessment of procedures of internal management and control.

(IV) Understanding and acquisition of proper accounting records.

(V) Comprehension of the efficacy execution and command by all units.

(VI) Submission of relevant reports and recommendations.

(3) The scope of audit includes audit work of account opening and account management of derivatives products, trading cycle, margin management, clearance and settlement management, computer operation and information management, accounting and cashier operations.

(4) Execution of audit work and issuance of audit report:

(I) When internal auditors conduct inspection tasks, they may retrieve different types of data files, and the inspected units shall fully cooperate without rejection or concealment to ensure the accuracy and timeliness of the information.

(II) After the internal auditors complete each inspection, they shall prepare an inspection report to present the deficiencies which have been discovered and propose suggestions for improvement, and continue to follow up with the correction conditions. Such information will serve as a reference for senior supervisors to adopt timely countermeasures.

4. Regular evaluation methods

(1) The Board of Directors shall authorize senior managers to periodically supervise and evaluate whether the transactions of derivative products are in compliance with the Company's prescribed handling procedures and whether the risks borne are within a permitted scope. In case abnormalities are found in the market price evaluations (e.g., the positions held have exceeded the stop-loss limit), the Board shall be notified immediately and necessary measures shall be taken.

(2) Positions held in derivatives trading shall be assessed at least once per week. For hedging trades held for business needs, the assessment shall be undertaken at least twice per month. The evaluation report shall be submitted to the senior managers authorized by the Board of Directors.

5. Supervision and management by the Board of Directors in derivative trading

(1) The Board of Directors shall designate senior management personnel to monitor and control derivative trading risk at all times, including:

- (I) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the procedures for engaging in derivatives trading formulated by the Company.
- (II) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has established the position of independent directors, an independent director shall be present at the meeting and express an opinion.
- (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (3) The Company shall report at the latest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with the procedures for engaging in derivatives trading.
- (4) While engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4, Subparagraphs (1), and Paragraph 5, Subparagraphs (1) and (2) of this Article shall be recorded in detail in the log book.
- 6. Public disclosure and accounting principles
 - (1) By the tenth day of each month, the Company shall publish the Company's derivatives trading information of the previous month (include hedging and investment) and operations of the current month on the official website.
 - (2) Accounting principles
 - (I) The main objective of the Company's accounting policies of the derivatives products is to fairly present the transaction process and economic results in accordance with the Generally Accepted Accounting Principles and relevant laws and regulations, with complete books and vouchers and accounting records, and based on different transaction natures and methods.
 - (II) "Investment" accounting guidelines are for derivatives trading that do not meet the conditions of hedging, and the gain or loss from contract price change shall be recognized during the change, and calculated using the Lower of Cost or Market (LCM) method.
 - (III) "Hedging" accounting guidelines emphasize on handling of change in the product's contract price, and shall be handled as per that of hedged item. The valuation of general asset and liability is based on cost, and its gain or loss from market movement is normally recognized upon disposal. Hence, the price change of product contract shall also be recognized when the gain or loss of the hedged item is recognized, which is also referred to as deferral method.
 - (IV) When preparing periodic financial report (including annual, semi-annual, quarterly financial report and consolidated financial report), engaging in derivatives trading for holding or issuance purpose shall be disclosed based on product type, in the general related matters of the notes to the financial statements, in accordance with "Guidelines on Information to be Disclosed in Financial Reports of Public Companies engaging in Derivative Products Trading".

Article 14 : Procedures for Handling Mergers, Demergers, Acquisitions, and Transfer of Shares

1. Appraisal and operating procedures

- (1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage a certified public accountant, attorney, and securities underwriter to establish a timeline for legal procedures, and form a project group to carry out the transaction in accordance with the laws and regulations. Prior to convening the Board of

Directors to resolve on the matter, the certified public accountant, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board for resolution. However, if the intended merger is with a subsidiary whose outstanding shares or total capital is directly or indirectly wholly owned by the Company, or the merger is between subsidiaries whose outstanding shares or total capital is directly or indirectly wholly owned by the Company, the aforementioned expert opinion may be exempted.

- (2) The Company shall prepare a public report detailing important contractual content and matters relevant to the merger, demerger, or acquisition and send a notification prior to the shareholder meeting together with the expert opinion referred to in the preceding paragraph as reference material. However, where a provision of another act exempts the Company from convening a shareholder meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution as a result of a lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other important matters

- (1) Date of the Board meeting: When participating in a merger, demerger, or acquisition, unless otherwise provided by another law or regulation or that the competent authority of securities is notified in advance of extraordinary circumstances and grants consent, the Company shall convene a Board meeting and a shareholders' meeting and pass resolutions regarding merger, demerger or acquisition and relevant matters on the same day with companies participating in a merger, demerger, acquisition or share transfer. A company participating in a transfer of another company's shares shall call a Board meeting on the day of the transaction unless another law or regulation provides otherwise or the competent authority grants consent for special circumstances in advance.
- (2) Confidentiality agreement: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) Establishment and amendment policies for share exchange ratio or acquisition price: When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting prior to convening the Board of Directors of both parties. The share exchange ratio or acquisition price may not be arbitrarily altered unless under other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. Conditions permitting the arbitration of the share exchange ratio or acquisition price are:
 - (I) Cash capital increases or the issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - (II) An action, such as a disposal of major assets that affect the Company's financial operations.

- (III) An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buy back treasury stock.
 - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Matters required to be recorded in the contract: Contracts of merger, demerger, acquisition, or transfer of shares of enterprises; besides being in accordance with Article 317-1 of the Company Act and Article 22 of Business Mergers and Acquisitions Act, the contract shall also record the following:
- (I) Handling of breach of contract.
 - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (III) The amount of treasury stock participating companies are permitted under law to buy back after the recorded date of calculation of the share exchange ratio, and the principles for the handling thereof.
 - (IV) The manner of handling changes in the number of participating entities or companies.
 - (V) Preliminary progress schedule for plan execution and the anticipated completion date.
 - (VI) Scheduled date for convening the legally mandated shareholders' meeting and relevant procedures if the plan exceeds the deadline without completion.
- (5) When there are changes in the numbers of companies involved in the merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends to further carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer. However, if the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve the matter anew.
- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraph 2, Subparagraph (1) of this Article on the date of Board meeting, Subparagraph (2) on confidentiality agreement before the event, and Subparagraph (5) on changes in numbers of participating companies in the merger, demerger, acquisition or transfer of shares.
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company that is listed on an exchange or has its shares traded on an OTC market, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report the information set out in Items 1 and 2 of the preceding paragraph to the competent authority of securities for recordation in the prescribed format and via the online information system.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph.

Article 15 : Procedures for Public Disclosure of Information

1. Items to be disclosed and disclosure standards

- (1) 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.
- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) 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.
- (4) Where the acquisition or disposal of equipment or right-of-use assets for business use, and the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (II) For a public company whose paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.
- (5) 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.
- (6) 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.
- (7) 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:
 - (I) Trading of government bonds or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.
 - (II) Securities traded by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of foreign debentures or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by securities firms as necessitated by its undertaking business, or subscription or redemption of exchange traded note or

as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

- (III) 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.

- (I) The amount of individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) 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.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. Timeline and format of public disclosure

Where the Company acquires or disposes of assets with information and amount meeting the disclosure standards set out in this Article, it shall publicly announce and declare the relevant information within 2 days commencing immediately from the date of occurrence of the event.

3. Public disclosure procedures

- (1) The Company shall publicly announce and report the relevant information on Securities and Futures Bureau, FSC's designated website.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 from the date of occurrence of the event:
 - (I) Change, termination, or rescission of a contract signed regarding the original transaction.
 - (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (III) Change to the original publicly announced and reported information.

4. Public disclosure format

- (1) 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.

- (2) 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.
- (3) 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.
- (4) 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.
- (5) For disclosure of mainland China area investment, the format is as per Appendix 6.
- (6) 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.
- (7) For public disclosure of derivatives trading to be made by the 10th day of each month, the format is as per Appendix 7-2.
- (8) For disclosure of merger, demerger, acquisition, or transfer of shares, the format is as per Appendix 8.

Article16 : The Company's subsidiaries shall handle asset acquisition or disposal in the following manner:

1. The subsidiaries of the Company shall establish their respective Procedures for Acquisition or Disposal of Assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and report to the shareholders' meetings of the parent company and subsidiaries after the resolution of the subsidiaries' Boards of Directors; the same procedure applies to any amendment.
2. Acquisition and disposal of assets by a subsidiary shall be handled in accordance with the relevant regulations of the Company.
3. Where a subsidiary is not a public company, and if the subsidiary acquiring or disposing of assets meets the disclosure standards set out in "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall make a public disclosure on the subsidiary's behalf.
4. A subsidiary company shall declare the standard amount of paid-in capital or total assets according to the amount of paid-in capital or total assets of the Company.

Article 16-1 : 10% of total assets under the Procedures is calculated based on the total assets of the most recent parent-only or individual financial statement in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

In the case of the Company whose shares have no par value or a par value other than NT\$10 per share, the threshold of transaction amounts of 20% of paid-in capital under the Procedures, shall be calculated based on 10% of equity attributable to owners of the parent; the provision for transaction amount when paid-in capital reaches NT\$10 billion under the Procedures shall be calculated based on NT\$20 billion of equity attributable to owners of the parent

Article17 : Penalties

If the Company's employee handling the acquisition or disposal of assets breaches the Procedures, the employee shall be reported and assessed on a regular basis in accordance with the Company's Human Resources Management Regulations, and disciplinary actions may be taken based on the materiality of the offense.

Article18 : Implementation and Amendment

1. 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.

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.

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.

All members of the Audit Committee referred to in Paragraph 3 and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.

2. 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. The 9th amendment was on June 16, 2022.

Article 19 : Additional Provisions

Any matters not set forth in the Procedures shall be handled in accordance with the applicable laws and regulations.

【 Appendix 4 】

Accton Technology Corporation
Shareholding Status of All Directors
Book closure date of stock transfer: Apr. 17, 2023

Job Title	Name	Number of Shares Held
Chairman	Kuan Xin Investment Corp. Representative: Lin, Meen-Ron	7,070,000
Director	Ting Sing Co., Ltd. Representative : Du, Heng-Yi	2,351,562
Director	Huang, Kuo-Hsiu	493,379
Independent Director	Huang, Shu-Chieh	0
Independent Director	Lee, Fa-Yauh	0
Independent Director	Eizo Kobayashi	0
Independent Director	Ankur Singla	0
Total		9,914,941

Note: 1. As of Apr. 17, 2023, the total number of shares issued by the Company is 560,158,897.

2. The independent directors selected by the Company exceed half of the seats of all directors, and an Audit Committee has been set up according to the law. The provision that the shareholding ratio of all directors and supervisors shall not be less than a certain ratio does not apply.



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