



Ticker : 3594

Arbor Technology Corporation

2023 Annual Shareholders' Meeting Meeting Agenda

Date: June 27, 2023
10F., No. 700, Zhongzheng Rd., Zhonghe Dist., New Taipei City
(Large Conference Room of the Company)

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**Arbor Technology Corporation
Procedure for the 2023 Annual Meeting of Shareholders**

- I. Call Meeting to Order**
- II. Chairman's Address**
- III. Management Presentation**
- IV. Proposed Resolutions**
- V. Discussion Matters**
- VI. Election Matters**
- VII. Other Matters**
- VIII. Questions and Motions**
- IV. Adjournment**

Arbor Technology Corporation
2023 Agenda of Annual Meeting of Shareholders

Time : 9:00a.m. on Tuesday, June 27, 2023

Place : 10F., No. 700, Zhongzheng Rd., Zhonghe Dist., New Taipei City (Large Conference Room of the Company)

Method of convening : Physical Shareholder's Meeting

I. Call Meeting to Order (report the presenting shareholding)

II. Chairman's Address

III. Management Presentation

1. 2022 Business Report
2. 2022 Annual Audit Committee's Review Report
3. 2022 Earning Distribution Status of Employees and Directors' Remuneration
4. 2022 Earning Distribution Status of Cash Dividend
5. 2022 Implementation Status of the Private Placement of Common Stock

IV. Proposed Resolutions

1. 2022 Business Report and Financial Statements
2. 2022 Earnings Distribution

V. Discussion Matters

1. Proposal of Amendment of "Procedures Governing the Acquisition or Disposal of Assets"
2. Proposal of Amendment of "Operational Procedures for Loaning Funds to Other Parties"
3. Proposal of Amendment of "Rules Governing Transaction between the Group Companies"
4. The Company proposes to handle a new shares issuance of private placement cash capital increase to introduce strategic investors.

VI. Election Matters

1. Proposal of Election of Additional Independent Director

VII. Other Matters

1. Proposal of Dismissal of Restriction on Newly Appointed Independent Directors from Non-Competition

VIII. Questions and Motions

IV. Adjournment

Management Presentation

1. 2022 Business Report
Explanation : Please refer to page 10 of Attachment 1 of the agenda.
2. 2022 Annual Audit Committee's Review Report
Explanation: Please refer to page 37 of Attachments 2 of the agenda. ◦
3. 2022 Earning Distribution Status of Employees and Directors' Remuneration
Explanation :
 1. Pursuant to Article 19 of the Company's Articles of Incorporation, in case the Company generates profits during the fiscal year (defined as profit before tax prior to deduction of the employee and director compensation), 2% to 10% of the profits shall be allocated as employee compensation, and no more than 5% shall be allocated as director compensation.
 2. On March 28, 2023, the Board of Directors resolved the distribution of employee compensation in the amount of NT\$ 4,000,000, at a rate of 2.27%, and of director compensation in the amount of NT\$ 1,000,000, at a rate of 0.57%, both to be paid in cash.
4. 2022 Earning Distribution Status of Cash Dividend
Explanation :
 1. Pursuant to Article 20 of the Company's Article of Incorporation, in case the dividends and bonuses are to be distributed in cash, the Board of Directors is authorized to resolve it with a majority of the attending directors which shall be at least two-thirds of the directors.
 2. On March 28, 2023, the Board of Directors approved the allocation of a cash dividend of NT\$ 75,609,086 as shareholders dividend, at a distribution rate of NT\$ 0.8 per share and paid up to the dollar which any fractional amount less than one dollar will be rounded down. The total amount of fractional shares will be adjusted in descending order to match the total cash distribution amount.
 3. In case the number of outstanding shares is affected by changes in the Company's capital stock in the future, resulting in changes to the shareholder dividend distribution rate that require adjustment, the Chairman is authorized to handle such adjustments at his or her discretion.
 4. This proposal authorizes the Chairman to establish the ex-dividend date and other related matters.
5. 2022 Implementation Status of the Private Placement of Common Stock
Explanation :
 1. On July 5, 2021, the regular Shareholders' Meeting resolved to authorize the Board of Directors to conduct a private placement of up to 16,000,000 shares within one year from the date of the Shareholders' Meeting, based on market conditions or the operational needs of the Company.
 2. On February 24, 2022, the Board of Directors approved the pricing and determined "Ennoconn International Investment Co., Ltd." as the subscriber for the issuance of ordinary shares through private placement. In accordance with the provisions of Article 3(2) of the Directions for Public Companies Conducting Private Placements of Securities, the share payment shall be completely received within fifteen days from the date of the Board resolution on the pricing. The payment date of private placement is set from February 25, 2022 to March 10, 2022, and the ex-rights date for the new shares issued in the capital increase is March 11, 2022.
 3. Utilization and implementation progress of the fund from this private placement of common shares:

Project item	Amount of private placement	Estimated utilization and implementation period of fund	Actual utilization and implementation period of fund
Reinforcement of operating capital	296,000,000	First quarter of 2022	First quarter of 2022

4. The performance of the planned benefits from this private placement of securities :

The common stock issuance for cash capital increase through private placement for 2022 has been completed in the first quarter of the year. The benefits are the enhancement of the Company's financial structure and flexibility in fund management, resulting in positive effects for the shareholders.

Proposed Resolutions

1. (Proposed by the Board of Directors)

Proposal : 2022 Business Report and Financial Statements

Explanation : 1. The 2022 Business Report and Financial Statements have been resolved by the Board of Directors and audited by the Audit Committee.

2. For 2022 Business Report, independent auditor's report and the preceding financial statements, please refer to page 10-36 of the Attachment 1 of the agenda.

3. Please adopt.

Resolution :

2. (Proposed by the Board of Directors)

Proposal : 2022 Earnings Distribution

Explanation : 1. The table of earnings distribution is prepared according to the Article 20 of the Article of Incorporation. Please refer to page 38 of Attachment 3 of the agenda.

2. Please adopt.

Resolution :

Discussion Matters

1. (proposed by the Board of Directors)

Proposal : Amendment of “Procedures Governing the Acquisition or Disposal of Assets”

Explanation : 1. Due to the business need, the amendment to partial articles of “Procedures Governing the Acquisition or Disposal of Assets” is proposed. For the comparison table of articles before and after amendment, please refer to page 39-40 of Attachment 4 of the agenda.
2. Please discuss.

Resolution :

2. (proposed by the Board of Directors)

Proposal : Amendment of “Operational Procedures for Loaning Funds to Other Parties”

Explanation : 1. Due to the business need, the amendment to partial articles of “Operational Procedures for Loaning Funds to Other Parties” is proposed. For the comparison table of articles before and after amendment, please refer to page 41-48 of Attachment 5 of the agenda.
2. Please discuss.

Resolution :

3. (proposed by the Board of Directors)

Proposal : Amendment of “Rules Governing Transaction between the Group Companies”

Explanation : 1. To enhance the management of transaction between related parties and to collaborate with the amendment to Article 17 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, the amendment to partial articles of “Rules Governing Transaction between the Group Companies” is proposed. For the comparison table of articles before and after amendment, please refer to page 48 of Attachment 6 of the agenda.
2. Please discuss.

Resolution :

4. (proposed by the Board of Directors)

Proposal : The Company proposes to handle a new shares issuance of private placement cash capital increase to introduce strategic investors.

Explanation : 1. The Company intends to introduce strategic investors to meet the needs of future development, and to conduct a common shares issuance for cash capital increase through a private placement at an appropriate time, in accordance with Article 43-6 of the Securities and Exchange Act. The Company intends to propose to the Shareholders' Meeting to authorize the Board of Directors to handle the private placement in two separate tranches within one year from the date of the shareholders' meeting resolution, depending on actual needs, based on the following principles.

2. The Company intends to conduct a private placement of common shares in cash in accordance with Article 43-6 of the Securities and Exchange Act. The total amount of the private placement shall not exceed 20,000,000 shares with a par value of NTD 10 per share.

3. Basis and reasonableness of the private placement price determination :

(1) The reference price for this private placement of common shares is calculated as the simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. Alternatively, the reference price may be calculated as the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. Whichever higher will be the reference price. The actual pricing date will be determined by the Board of Directors, authorized by the Shareholders' Meeting, based on relevant laws and regulations, the future situation of designated person, and market conditions at the time.

(2) The per-share price for this private placement will be set at no less than 80% of the reference price. The actual issuance price will be determined by the Board of Directors, authorized by the Shareholders' Meeting, in accordance with the authorized range approved by the Shareholders' Meeting, based on the future situation of subscribers, and market conditions at the time.

(3) The private placement price of the issued common shares for private placement will take into account the Company's future prospects and the market price of the shares, and will also consider

the fact that the private placement shares cannot be sold within three years from the date of delivery, except under the circumstances set forth in Article 43-8 of the Securities and Exchange Act. Therefore, the price of the private placement shares shall be considered reasonable, given the strict regulations on the qualifications of designated person and the transferability for a period of three years.

4. Selection method, purpose, necessity, and expected benefits of designated person: The target of this offering of common stock is limited to strategic investors who meet the relevant requirements under Article 43-6 of the Securities and Exchange Act. The main purpose of selecting strategic investors is to leverage their technology, brand recognition, and global market channels to not only enhance the quality of the Company's products and reduce production costs but also expand market share through cooperation between the two parties. The participation of strategic investors can improve the Company's overall performance, making it necessary. However, as of now, the company has not yet contacted and determined any subscribers.

5. Reasons for conducting a private placement :

(1) Reasons for not using public offering: In response to the Company's long-term development plan to introduce strategic investment partners, it is planned to conduct a private placement through a resolution at a Shareholder Meeting, which is expected to effectively reduce funding costs and ensure fundraising efficiency. The provision that the securities in a private placement cannot be freely transferred within three years will also ensure a long-term cooperative relationship between the Company and strategic partners. In addition, authorizing the Board of Directors to conduct private placements according to the Company's actual operational needs will also effectively increase the Company's funding flexibility and agility. The implementation of this plan is expected to enhance the Company's competitiveness and operational efficiency, which is beneficial to shareholder interests. Therefore, public offering will not be adopted and a private placement of common stock will be conducted in accordance with relevant regulations such as the Securities and Exchange Act, etc.

(2) Private placement funding purpose and expected benefits :

A. Private placement quota: Limited to no more than 20,000,000 shares, to be carried out in two tranches within one year from the date of the Shareholder Meeting's resolution, with each tranche consisting of 10,000,000 shares.

B. Funds purpose and Expected benefits:

Tranches	Private placement quota	Funds purpose	Expected benefits
First time	10,000,000 shares	To enhance operating capital	Improve the Company's fundraising flexibility and agility, expand production capacity, and improve future operating performance, etc.
Second time	10,000,000 shares		
For each actual implementation, the expected number of private placement shares may be may combine with all of or partial either the previously unissued shares or anticipated future share issuance, provided that the total number of shares issued shall not exceed 20,000,000 shares .			

6. The rights and obligations of the common shares issued in this private placement are generally the same as the issued common shares by the Company. However, according to the Securities and Exchange Act, except for the circumstances specified in Article 43-8 of the Act, the common shares issued in this private placement are restricted from transfer within three years from the delivery date. After the expiration of three years from the delivery date, the Company intends to authorize the Board of Directors to obtain consent letters that comply with the over-the-counter listing standards from the Taipei Exchange and subsequently apply for a public offering and trading on the over-the-counter market in accordance with relevant regulations.

7. In case the issuance conditions, project items, progress of fund utilization, expected benefits, and other related matters to the private placement of common shares in this issue are revised in the future due to the amendment made by the competent authority or objective environmental changes, the Company intends to seek authorization from the Shareholders' Meeting for the Board of Directors to handle such revisions in accordance with relevant regulations.

8. The selection of subscribers for this private placement will be authorized to the Chairman to prioritize those who can directly or indirectly benefit the Company's future operations, and it is expected that this private placement will not cause a significant change in the Company's ownership.

Resolution :

Election Matters

(proposed by the Board of Directors)

Proposal : Proposal of election of additional independent director

- Explanation :
- 1.To strengthen corporate governance in accordance with the Cheng-Kuei-Chien-Tzu No. 10802018342 on January 2, 2020, the Company intends to elect one more independent director.
 - 2.According to Article 192-1 of the Company Act and the Company's Articles of Incorporation, the selection of independent directors adopts a candidate nomination system, and the independent directors are elected from the list of candidates by the Shareholders' Meeting. The newly appointed independent director will serve from the date of appointment until July 4, 2024.
 3. The election is conducted in light of “Regulation Governing the Election of Directors”.
 4. The list of director candidates has been approved by the Board of Directors on May 12, 2023, and the relevant information is as follows.

Type of candidate	Name of candidate	Educational background	Experience	Current position	Shareholding
Independent director	Tai, Chein	Doctor in Genetics, University of California.	<ul style="list-style-type: none"> ● Kun Shan University: Director ● Asia Pacific ESG Action Alliance: Chairman ● Chi Mei Medical Hospital Corp.: Director ● Tainan City Meat Market: Director ● Kun Shan University Department of Business Administration: Professor ● Tainan City Government: Deputy Mayor ● Taiwan Biotechnology Industry Alliance.: Chairman ● Sino-Indonesia Cultural and Economic Association: Chairman 	<ul style="list-style-type: none"> ● Kun Shan University: Director ● Asia Pacific ESG Action Alliance: Chairman ● Chi Mei Medical Hospital Corp.: Director ● Tainan City Meat Market: Director ● Kun Shan University Department of Business Administration: Professor 	0

Election result :

Other Matters

1. (proposed by the Board of Directors)

Proposal : Proposal of Dismissal of Restriction on Newly Appointed Independent Directors from Non-Competition

Explanation : 1. According to Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".

2. To help expand the Company's business smoothly, the Company proposes to seek the approval of the Shareholders' Meeting to lift the restriction on the newly appointed independent director's competition activities.

3. For job responsibilities concurrently held by the newly appointed director, please refer to page 49 of Attachment 7 of the agenda.

4. Please discuss.

Resolution :

Questions and Motions

Adjournment

Arbor Technology Corp. Business Report

As global covid 19 curbs have been gradually lifted from 2022 to 2023, world economy is at its turning point where post pandemic recovery will be key focus for every company and nation. Building Connected Industry, Making Industry Connected, Arbor's main business and operational focus in 2023 will be "Industrial Control Digitization" and "Telecommunication Industrialization".and will continue to invest in the development of new products, technology maturation and improvement, financial optimization and business improvement to enhance the overall operating performance.

In addition, Arbor will continue to enhance its competency under the guidance and supervision of our shareholders and directors, innovate and produce better products and achieve brighter operational results to meet the expectations of our shareholders.

The results of operations for FY 2022 and business outlook for 2023 are reported as follows :

1、Operating results for FY 2022 :

(1) Implementation results of business plan for 2022 :

ARBOR's revenue for FY 2022 was NT\$1,801,055, gross profit was NT\$541,629 thousand, operating income was NT\$129,944 thousand, net income before tax was NT\$177,351 thousand, and net income after tax was NT\$128,542 thousand with EPS NT\$1.51.

(2) Status of Research and Development :

ARBOR invested NT\$89,812 thousand in R&D in FY 2022, representing an increase of 6.47% over FY 2021 and accounting for 4.99% of operating revenue. The major R&D results in FY2022 are as follows :

1. BOX integrates with Intel Tiger Lake-UP3 COM Express Type 6 Compact Module, which is used to replace the old Intel Kaby Lake-U module used by customers for BOX digital playback system.
2. Use Intel Comet Lake-S platform design with 5 network ports Mini-ITX motherboard, customer applications for small data center network security.
3. Intel 12th Alder Lake S processor with MXM NVIDIA 100W GPU to meet the demand for real-time computing and long-term stable delivery of automotive and medical embedded systems.
4. Machine Vision AI embedded system uses Intel 12th Alder Lake S processor, and is highly integrated with high-speed DIO/Lighting Control especially for industrial cameras.
5. Intel 10th Alder Lake S processors support 5xPCIe/PCI multi-slot expansion cards to meet customers' demands for multi-IO/150W GPU expansion.
6. Participated in the development of intelligent traffic signal controllers for a domestic new town. Engage in the next-generation controller project for Taiwan Railways/BTC/Metro, utilizing the Intel 13th Core controller for a comprehensive upgrade plan. Obtain certifications for railway-specific standards EN-50155/EN-45545.

(3) Status of marketing and promotion :

Despite the severe shortage of chips in 2022, the Company managed to find ways to get orders shipped smoothly. The Company also launched its Falconry Program in 2022 and received orders for rail transportation, container ship monitoring & measurement, retail labeling machines, and semiconductor light-weight server applications. As a result, 2022 revenue increased by 19.3% as compared to 2021.

2、2023 Business Policy and Strategy :

1. Continue to create the value of industrial communication, communication industry innovation, and build the IoT ecosystem as the mission, so that industrial computers have the ability to connect (IPC with connectivity), and through the integration of network, communication, software, optoelectronics, and cloud data applications, so that the original industrial computer applications biased towards factory automation can be extended to various aspects of intelligent life, forming a true intelligent industry.
2. Provide customers with better and more stable quality and one-stop service solutions through intelligent optimization of the production environment, training of personnel, upgrading of testing equipment and adjustment of organizational structure.
3. Implement inventory and expense control programs continuously in order to reduce unproductive costs and achieve profitability goals.
4. ARBOR participates in Embedded World in Europe and Japan IT Week in Asia in 2023 to create a global layout.
5. The production plan for 2023 will entrust some products to Ennoconn (Suzhou) Technology Co., Ltd. in order to reduce production cost.

In order to meet the market trend of small amount and diversification of products, ARBOR has put more effort to develop new technologies and launch new products with an open mind to face different technology integration to ensure the continuous development and growth of the company.

We are grateful to all shareholders for sparing your time to attend the shareholders' meeting today and highly appreciate your support and encouragement for Arbor's continuing growth in future.

Chairman : Eric Lee

President: Clark Lien

Controller: Feng Ling Kuo

Independent Auditors' Report

The Board of Directors and Shareholders
ARBOR Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of ARBOR Technology Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the accompanying 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 ended then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Accountants 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 matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Adequacy of export revenue recognition

Description

For information on accounting policy on sales revenue, please refer to Note 4(33) of consolidated financial statements.

The Group is engaged in the manufacturing and selling of industrial computers and electronic medical devices as well as the trade of other electronic components. Sales revenue is mainly from export which is across the world. Terms of sales may be different with different customers; therefore, points in time when risks and rewards of goods are transferred and when the sales revenue is recognized. Since the confirmation of point in time when export revenue should be recognized usually involves in manual confirmation of sales and related documents, which is prone to the inadequacy of point in time to recognize revenue near the end of reporting period. Therefore, we consider the point in time to recognize revenue one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. Understood and tested the internal control adopted to address the point in time to recognize export revenue, including obtaining forms related to the internal control of export revenue and sampling in order to confirm the validity of control by checking the data consistency.
2. Performed cutoff tests against the export sales within a certain period before and after the balance sheet date, checked the information of contracts or original order as well as the relevant documents of revenue recognition, and determined the appropriate point in time to recognize based on the transaction documents in order to ensure that revenue was recorded in the appropriate period.

Valuation of allowance to reduce inventory to market

Description

For information on accounting policy on inventories, please refer to Note 4(14) of consolidated financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of consolidated financial statements. For information on allowance to reduce inventory to market, please refer to Note 6(5) of consolidated financial statements.

The products of the Group are industrial computers. Due to highly competitive market, there are higher risks of inventory valuation loss and obsolescence. The Group measures inventories at the lower of cost and net realizable value. The net realizable value of inventories with age over certain period and inventories individually identified as obsolete is determined based on the past experience of the degree of disposal of excess inventories.

Since the net realizable value used by the Group and some subsidiaries in obsolete inventory

valuation often involves subjective judgement and uncertainty; considering inventories and the allowance to reduce inventory to market are both material to the parent company only financial statements, we considered the valuation of inventory one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness and consistency of policies and procedures on recognizing allowance to reduce inventory to market based on our understanding of the characteristics of the Group's industry.
2. Understood the Group's warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of inventory and internal control over obsolete inventory.
3. Verified the accuracy of inventory aging report used to identify individual obsolete inventory, including ensuring that changes in inventories fell into appropriate age intervals, and obtain supporting documents that management used to evaluate obsolete products in order to ensure that the Group has reasonably recognized the allowance to reduce inventory to market.
4. Checked the adequacy of basis of estimation of net realizable value of each inventory, including testing the accuracy of selling and purchasing prices of products and reassessing to determine the reasonableness of allowance to reduce inventory to market.

Assessment of loss allowance for accounts receivable

Description

For information on accounting policy on accounts and notes receivable, please refer to Note 4(10) of the consolidated financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of the consolidated financial statements. For information on details of loss allowance for accounts and notes receivable, please refer to Note 6(4) of the consolidated financial statements.

The Group manages the collection procedures and bears the related credit risk. Management assesses periodically the credit quality and accounts collection of customers in order to adjust the credit policy adequately. In addition, the impairment loss on accounts receivable is evaluated in accordance with IFRS 9 "Financial Instruments" by adopting the simplified approach to evaluate expected credit loss. Management establishes the expected rate of loss based on multiple factors that may affect the ability of an individual customer to pay, such as overdue period, financial position and economic position both on the balance sheet date and in the past as well as the forward-looking information.

As the ratio of loss allowance recognition is subject to management's judgement, and the amount

of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. To understand the quality of the Group's credit and assess the reasonableness of policies and procedures to recognized the impairment loss on its accounts and notes receivable.
2. Assessed the reasonableness of the ratio of loss allowance recognition by referring to the historical loss rate and considering the forward-looking information, obtained and reviewed the materials provided by management.
3. Tested the change in age of accounts receivable, and examined the accuracy of classification of age by reviewing the relevant documents of overdue dates of accounts receivable.
4. Understood the reasons of overdue accounts of which amount were individually assessed material, reviewed their subsequent collection, and discussed the loss allowance recognized with management.

Other Matters – Parent Company Only Financial Statements

We have also audited the parent company only financial statements of ARBOR 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 members of 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.

Independent Accountants

Lee, Hsiu-Ling

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 28, 2023

	Assets	Note	December 31, 2022		December 31, 2021 日	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 487,302	13	\$ 344,147	11
1110	Financial assets measured at fair value through profit and loss - current	6(2)&7	104,846	3	95,571	3
1136	Financial assets measured at amortized cost - current	6(1)(3),8	245,025	7	47,661	1
1150	Notes receivable, net	6(4)	2,718	-	38,466	1
1160	Notes receivable - related parties	6(4),7	13,557	-	7,880	-
1170	Accounts receivable, net	6(4)	414,674	11	412,478	13
1180	Accounts receivable - related parties	6(4),7	110,439	3	177,127	6
1210	Other receivables – related parties	7	162,481	4	6,327	-
130X	Inventories	6(5)	693,144	19	623,897	20
1470	Other current assets	6(6),7	204,991	6	179,427	6
11XX	Total current assets		<u>2,439,177</u>	<u>66</u>	<u>1,932,981</u>	<u>61</u>
	Noncurrent assets					
1517	Financial assets at fair value through other comprehensive income	6(7)	11,268	-	7,675	-
1550	Investments accounted for using equity method	6(8)	457,505	13	452,043	14
1600	Property, plant and equipment	6(9),8	565,027	15	556,851	18
1755	Right-of-use asset	6(10)	32,276	1	13,163	-
1760	Investment property, net	6(12),8	74,341	2	69,176	2
1780	Intangible assets	6(13)	36,599	1	37,638	1
1840	Deferred tax assets	6(31)	20,282	1	49,489	2
1900	Other non-current assets	6(19),8	46,304	1	70,128	2
15XX	Total non-current assets		<u>1,243,602</u>	<u>34</u>	<u>1,256,163</u>	<u>39</u>
1XXX	Total Assets		<u>\$ 3,682,779</u>	<u>100</u>	<u>\$ 3,189,144</u>	<u>100</u>

(Continued)

Liabilities and equity	Note	December 31, 2022		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6(14),8	\$ 559,082	15	\$ 500,106	16
2110	Short-term notes and bills payable	6(15),8	72,000	2	114,000	4
2120	Financial liabilities measured at fair value through profit and loss - current	6(2)	1,709	-	802	-
2130	Current contract liabilities	6(24),7	17,323	1	13,165	-
2150	Notes payable		231	-	2,355	-
2170	Accounts payable		197,181	5	127,539	4
2180	Accounts payable - related parties	7	32,040	1	7,434	-
2200	Other payables	6(16)	95,989	3	65,059	2
2220	Other payables- related parties	7	5,763	-	58	-
2230	Current income tax liabilities		8,847	-	-	-
2280	Lease liabilities - current	6(10)	9,740	-	11,452	-
2320	Long-term liabilities, current portion	6(18),8	93,672	3	120,292	4
2399	Other current liabilities		1,017	-	2,084	-
21XX	Total Current Liabilities		<u>1,094,594</u>	<u>30</u>	<u>964,346</u>	<u>30</u>
Non-current liabilities						
2530	Corporate bonds payable	6(17)	-	-	105,584	3
2540	Long-term loans	6(18),8	471,806	13	565,364	18
2570	Deferred income tax liabilities	6(31)	1,177	-	291	-
2580	Lease liabilities - noncurrent	6(10)	22,805	-	1,764	-
2600	Other non-current liabilities	6(19)	660	-	3,963	-
25XX	Total Non-Current Liabilities		<u>496,448</u>	<u>13</u>	<u>676,966</u>	<u>21</u>
2XXX	Total Liabilities		<u>1,591,042</u>	<u>43</u>	<u>1,641,312</u>	<u>51</u>
Equity						
Equity attributable to owners of parent						
Share capital:						
3110	Common Stock	6(21)	954,394	26	744,218	23
Capital surplus:						
3200	Capital surplus	6(17)(22)	805,341	22	610,280	19
Retained earnings:						
3310	Legal reserve	6(23)	84,049	2	81,863	3
3320	Special reserve		76,030	2	65,285	2
3350	Unappropriated earnings		257,410	7	144,983	4
Other equity:						
3400	Other equity		(55,177)	(1)	(76,029)	(2)
3500	Treasury stock	6(21)	(36,515)	(1)	(32,819)	(1)
31XX	Total Equity Attributable to Owners of Parent		<u>2,085,532</u>	<u>57</u>	<u>1,537,781</u>	<u>48</u>
36XX	Non-controlling equity		<u>6,205</u>	<u>-</u>	<u>10,051</u>	<u>1</u>
3XXX	Total Equity		<u>2,091,737</u>	<u>57</u>	<u>1,547,832</u>	<u>49</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total Liabilities and Equity		<u>\$ 3,682,779</u>	<u>100</u>	<u>\$ 3,189,144</u>	<u>100</u>

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Net sales revenue	6(24),7	\$ 1,801,055	100	\$ 1,509,412	100
5000	Operating costs	6(5)(13)(29)(30)				
		,7	(1,259,426)	(70)	(1,097,361)	(73)
5900	Gross profit		541,629	30	412,051	27
5910	Unrealized profit from sales	6(8)	(2,902)	-	(270)	-
5920	Realized profit on from sales	6(8)	270	-	-	-
5950	Gross profit, net		538,997	30	411,781	27
	Operating expenses	6(13)(29)(30)				
6100	Selling expenses		(197,244)	(11)	(192,237)	(13)
6200	General and administrative expenses		(90,589)	(5)	(93,277)	(6)
6300	Research and development expenses		(89,812)	(5)	(84,353)	(5)
6450	Expected credit impairment loss	12(2)	(31,408)	(2)	(10,274)	(1)
6000	Total operating expenses		(409,053)	(23)	(380,141)	(25)
6900	Operating gain		129,944	7	31,640	2
	Non-operating income and expenses					
7100	Interest income	6(25)	2,531	-	689	-
7010	Other income	6(26),7	9,336	1	9,274	1
7020	Other gains and losses, net	6(27),7	43,292	2	(4,615)	-
7050	Finance costs	6(28)	(17,939)	(1)	(16,982)	(1)
7060	Share of profits of associates and joint ventures accounted for using equity method, net	6(8)	10,187	1	5,342	-
7000	Total non-operating revenue and expenses		47,407	3	(6,292)	-
7900	Net income before tax		177,351	10	25,348	2
7950	Income tax expense	6(31)	(48,809)	(3)	(3,856)	-
8200	Net income for the year		\$ 128,542	7	\$ 21,492	2

(Continued)

Item	Note	2022		2021		
		Amount	%	Amount	%	
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
8311	Remeasurement of defined benefit obligation	6(19)	\$ 1,807	-	\$ 178	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(7)	2,830	-	1,593	-
8320	Share of other comprehensive gain of associates that will not be reclassified subsequently to profit or loss		72	-	(373)	-
8310	Items that will not be reclassified subsequently to profit or loss		4,709	-	1,398	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements		18,022	1	(12,338)	(1)
8360	Total of components of other comprehensive income that will be reclassified subsequently to profit or loss		18,022	1	(12,338)	(1)
8300	Other comprehensive income (loss) of the period		\$ 22,731	1	(\$ 10,940)	(1)
8500	Total comprehensive income for the period		\$ 151,273	8	\$ 10,552	1
Net income attributable to:						
8610	Owners of the parent		\$ 132,388	7	\$ 22,057	2
8620	Non-controlling interest		(3,846)	-	(565)	-
			\$ 128,542	7	\$ 21,492	2
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 155,119	8	\$ 11,117	1
8720	Non-controlling interest		(3,846)	-	(565)	-
			\$ 151,273	8	\$ 10,552	1
Earnings per share						
9750	Basic earnings per share	6(32)	\$ 1.51		\$ 0.30	
9850	Diluted earnings per share		\$ 1.50		\$ 0.30	

Year ended December 31, 2021

Balance at January 1, 2021	\$ 696,460	\$ 15,074	\$ 558,236	\$ 737	\$ 3,570	\$ 13,608	\$ 80,989	\$ 61,064	\$ 142,262	(\$ 56,817)	(\$ 8,467)	(\$ 31,465)	\$ 1,475,251	\$ 10,616	\$ 1,485,867
Net income for the year	-	-	-	-	-	-	-	-	22,057	-	-	-	22,057	(565)	21,492
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	178	(12,338)	1,220	-	(10,940)	-	(10,940)
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	22,235	(12,338)	1,220	-	11,117	(565)	10,552
Distribution of 2020 earnings 6(23)															
Legal reserve	-	-	-	-	-	-	874	-	(874)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	4,221	(4,221)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(7,023)	-	-	-	(7,023)	-	(7,023)
Stock dividends 6(21)	7,023	-	-	-	-	-	-	-	(7,023)	-	-	-	-	-	-
Conversion of convertible corporate bonds 6(17)	-	25,661	34,933	-	-	(4,755)	-	-	-	-	-	-	55,839	-	55,839
Conversion of bond conversion entitlement 6(21)	40,735	(40,735)	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback 6(21)	-	-	-	-	-	-	-	-	-	-	-	(32,819)	(32,819)	-	(32,819)
Share-based payment transaction 6(20)(21)	-	-	-	3,724	-	227	-	-	-	-	-	31,465	35,416	-	35,416
Changes in equity of associates accounted for using equity method	-	-	-	-	-	-	-	-	(373)	-	373	-	-	-	-
Balance at December 31, 2021	\$ 744,218	\$ -	\$ 593,169	\$ 4,461	\$ 3,570	\$ 9,080	\$ 81,863	\$ 65,285	\$ 144,983	(\$ 69,155)	(\$ 6,874)	(\$ 32,819)	\$ 1,537,781	\$ 10,051	\$ 1,547,832

Year ended December 31, 2022

Balance at January 1, 2022	\$ 744,218	\$ -	\$ 593,169	\$ 4,461	\$ 3,570	\$ 9,080	\$ 81,863	\$ 65,285	\$ 144,983	(\$ 69,155)	(\$ 6,874)	(\$ 32,819)	\$ 1,537,781	\$ 10,051	\$ 1,547,832
Net income for the year	-	-	-	-	-	-	-	-	132,388	-	-	-	132,388	(3,846)	128,542
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	1,807	18,022	2,902	-	22,731	-	22,731
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	134,195	18,022	2,902	-	155,119	(3,846)	151,273
Distribution of 2021 earnings 6(23)															
Legal reserve	-	-	-	-	-	-	2,186	-	(2,186)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	10,745	(10,745)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(8,909)	-	-	-	(8,909)	-	(8,909)
Capital increased in cash 6(21)	160,000	-	136,000	-	-	-	-	-	-	-	-	-	296,000	-	296,000
Conversion of convertible corporate bonds 6(17)	-	50,176	65,636	-	-	(8,853)	-	-	-	-	-	-	106,959	-	106,959
Conversion of bond conversion entitlement 6(21)	50,176	(50,176)	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback 6(21)	-	-	-	-	-	-	-	-	-	-	-	(3,696)	(3,696)	-	(3,696)
Share-based payment transaction 6(20)	-	-	-	-	-	2,298	-	-	-	-	-	-	2,298	-	2,298
Changes in equity of associates accounted for using equity method	-	-	-	-	(20)	-	-	-	72	-	(72)	-	(20)	-	(20)
Balance at December 31, 2022	\$ 954,394	\$ -	\$ 794,805	\$ 4,461	\$ 3,550	\$ 2,525	\$ 84,049	\$ 76,030	\$ 257,410	(\$ 51,133)	(\$ 4,044)	(\$ 36,515)	\$ 2,085,532	\$ 6,205	\$ 2,091,737

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax		\$	177,351	\$	25,348
Adjustments:					
Adjustments to reconcile profit (loss)					
Unrealized sales profits	6(8)		2,902		270
Realized gains from sales	6(8)	(	270)		-
Net loss (profit) from financial assets and liabilities at fair value through loss (profit)	6(2)(27)			(	393)
Expected credit impairment loss	6(29)		31,408		10,274
Depreciation expense- Property, plant and equipment and Investment property	6(9)(12)(29)		18,602		15,551
Depreciation expense- Right-of-use asset	6(10)(29)		16,441		26,139
Amortization expense	6(13)(29)		9,610		10,701
Loss (gain) on disposal of investment	6(27)	(	177)	(	169)
Interest income	6(25)	(	2,531)	(	689)
Dividend income	6(26)	(	700)	(	431)
Interest expense	6(28)		17,939		16,982
Loss (gain) on disposal of property, plant and equipment	6(27)		3,455		3,833
Share-based payment compensation	6(20)(30)		2,298		3,951
Share of loss (profit) of associates accounted for using equity method	6(8)	(	10,187)	(	5,342)
Changes in operating assets and liabilities					
Changes in operating assets					
Financial instruments at fair value through profit or loss			3,311	(	6,623)
Notes receivable			10,052	(	15,633)
Notes receivable - related parties		(	5,677)		2
Accounts receivable			16,807	(	90,121)
Accounts receivable - related parties		(	66,502)	(	65,999)
Other receivables-related parties		(	1,421)		6,791
Inventories		(	33,406)	(	73,683)
Other current assets		(	13,375)	(	41,302)
Other noncurrent assets			2,474	(	1,008)
Changes in operating liabilities					
Current contract liabilities			3,458		2,534
Notes payable		(	2,124)		749
Accounts payable			63,246	(	24,079)
Accounts payable - related parties			3,763		14,030
Other payables			23,828	(	7,710)
Other payables - related parties			5,705	(	872)
Other current liabilities		(	1,066)		957
Other noncurrent liabilities		(	1,778)	(	298)
Cash (outflow) inflow generated from operations			261,880	(	196,240)
Interest received			2,531		689
Dividends received			700		431
Interest paid		(	16,263)	(	14,218)
Income tax paid		(	11,686)	(	8,844)
Income tax refunded			33		-
Net cash flows (used in) from operating activities			<u>237,195</u>	(	<u>218,182</u>)

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Financial assets at fair value through other comprehensive income	12(3)	(\$	4,500)	\$	-
Proceeds from sale of Financial assets at fair value through other comprehensive income	12(3)		3,737		-
Purchase of financial assets at amortized cost		(	197,016)		-
Proceeds from sale of financial assets at amortized cost			-		28,471
Acquisition of property, plant and equipment	6(9)	(	4,011 )	(	16,804)
Acquisition of investment property	6(12)		-	(	62,838)
Acquisition of intangible assets	6(13)	(	1,919 )	(	86)
Increase in equipment prepayment		(	9,554 )	(	33,378)
(Increase) decrease in refundable deposits		(	<u>3,060</u>)		<u>2,944</u>
Net cash flows used in investing activities		(	<u>216,323</u> )	(	<u>81,691</u>)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(34)		58,976		136,761
Decrease in short-term notes and bills payable	6(34)	(	42,000 )	(	6,000)
Proceeds from long-term debt	6(34)		-		252,000
Repayments of long-term debt	6(34)	(	120,178 )	(	190,075)
Repayment of lease principal	6(34)	(	17,657 )	(	26,230)
Increase (decrease) in guarantee deposits received	6(34)		226	(	1,421)
Cash dividends paid	6(23)	(	8,909 )	(	7,023)
Payments to acquire treasury shares	6(21)	(	3,696 )	(	32,819)
Increase capital in cash	6(21)		296,000		-
Exercise of employee share options	6(21)		-		<u>31,465</u>
Net cash inflow from financing activities			<u>162,762</u>		<u>156,658</u>
Effect of foreign exchange translations		(	<u>40,479</u> )	(	<u>1,795</u>)
Net increase (decrease) in cash and cash equivalents			143,155	(	145,010)
Cash and cash equivalents at beginning of year			<u>344,147</u>		<u>489,157</u>
Cash and cash equivalents at end of year		\$	<u>487,302</u>	\$	<u>344,147</u>

Independent Auditors' Report

The Board of Directors and Shareholders
ARBOR Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of ARBOR Technology Corporation (the Company), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years ended 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows

Adequacy of export revenue recognition

Description

For information on accounting policy on sales revenue, please refer to Note 4(32) of parent company only financial statements.

The Company is engaged in the manufacturing and selling of industrial computers and electronic medical devices as well as the trade of other electronic components. Sales revenue is mainly from export which is across the world. Terms of sales may be different with different customers; therefore, points in time when risks and rewards of goods are transferred and when the sales revenue is recognized. Since the confirmation of point in time when export revenue should be recognized usually involves in manual confirmation of sales and related documents, which is prone to the inadequacy of point in time to recognize revenue near the end of reporting period. Therefore, we consider the point in time to recognize revenue one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. Understood and tested the internal control adopted to address the point in time to recognize export revenue, including obtaining forms related to the internal control of export revenue and sampling in order to confirm the validity of control by checking the data consistency.
2. Performed cutoff tests against the export sales within a certain period before and after the balance sheet date, checked the information of contracts or original order as well as the relevant documents of revenue recognition, and determined the appropriate point in time to recognize based on the transaction documents in order to ensure that revenue was recorded in the appropriate period.

Valuation of allowance to reduce inventory to market

Description

For information on accounting policy on inventories, please refer to Note 4(13) of parent company only financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of parent company only financial statements. For information on allowance to reduce inventory to market, please refer to Note 6(5) of parent company only financial statements.

The products of the Company are industrial computers. Due to highly competitive market, there are higher risks of inventory valuation loss and obsolescence. The Company measures inventories at the lower of cost and net realizable value. The net realizable value of inventories with age over certain period and inventories individually identified as obsolete is determined based on the past experience of the degree of disposal of excess inventories. The aforementioned matter may also exist in its directly or indirectly wholly-owned subsidiaries, such as Arbor Solution, Inc., Arbor Technology (Shenzhen) Co., Ltd., and Shenzhen Xinyabao Technology Co., Ltd at the same time. Since the net realizable value used by the Company and some subsidiaries in obsolete inventory valuation often involves subjective judgement and uncertainty; considering inventories and the allowance to reduce inventory to market are both material to the parent company only financial statements, we considered the valuation of inventory one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness and consistency of policies and procedures on recognizing allowance to reduce inventory to market based on our understanding of the characteristics of the Company's industry.
2. Understood the Company's warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of inventory and internal control over obsolete inventory.
3. Verified the accuracy of inventory aging report used to identify individual obsolete inventory, including ensuring that changes in inventories fell into appropriate age intervals, and obtain supporting documents that management used to evaluate obsolete products in order to ensure that the Company has reasonably recognized the allowance to reduce inventory to market.
4. Checked the adequacy of basis of estimation of net realizable value of each inventory, including testing the accuracy of selling and purchasing prices of products and reassessing to determine the reasonableness of allowance to reduce inventory to market.

Assessment of loss allowance for accounts receivable

Description

For information on accounting policy on accounts and notes receivable, please refer to Note 4(9) of parent company only financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of parent company only financial statements. For

information on details of loss allowance of accounts and notes receivable, please refer to Note 6(4) of parent company only financial statements.

The Company manages the collection procedures and bears the related credit risk. Management assesses periodically the credit quality and accounts collection of customers in order to adjust the credit policy adequately. In addition, the impairment loss on accounts receivable is evaluated in accordance with IFRS 9 “Financial Instruments” by adopting the simplified approach to evaluate expected credit loss. Management establishes the expected rate of loss based on multiple factors that may affect the ability of an individual customer to pay, such as overdue period, financial position and economic position both on the balance sheet date and in the past as well as the forward-looking information. The aforementioned matter may also exist in its directly or indirectly wholly-owned subsidiaries, such as Arbor Solution, Inc., Arbor Technology (Shenzhen) Co., Ltd., and Shenzhen Xinyabao Technology Co., Ltd at the same time.

As the ratio of loss allowance recognition is subject to judgement of management of the Company and some subsidiaries, and the amount of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. To understand the quality of the Company’s credit and assess the reasonableness of policies and procedures to recognized the impairment loss on its accounts and notes receivable.
2. Assessed the reasonableness of the ratio of loss allowance recognition by referring to the historical loss rate and considering the forward-looking information, obtained and reviewed the materials provided by management.
3. Tested the change in age of accounts receivable, and examined the accuracy of classification of age by reviewing the relevant documents of overdue dates of accounts receivable.
4. Understood the reasons of overdue accounts of which amount were individually assessed material, reviewed their subsequent collection, and discussed the loss allowance recognized with management.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary

to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

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

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Independent Accountants

Lee, Hsiu-Ling

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 28, 2023

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 290,732	8	\$ 184,336	6
1110	Financial assets measured at fair value through profit and loss - current	6(2)	104,846	3	95,571	3
1136	Financial assets measured at amortized cost - current	6(1)(3),8	233,652	7	47,424	1
1150	Notes receivable, net	6(4)	45	-	771	-
1170	Accounts receivable, net	6(4)	149,691	4	177,063	6
1180	Accounts receivable - related parties	6(4),7	169,585	5	225,296	7
1210	Other receivables – related parties	7	191,967	5	79,924	3
1220	Current tax assets		-	-	202	-
130X	Inventories	6(5)	347,072	10	280,221	9
1470	Other current assets	6(6),7	338,699	10	307,009	10
11XX	Total current assets		<u>1,826,289</u>	<u>52</u>	<u>1,397,817</u>	<u>45</u>
Noncurrent assets						
1517	Financial assets at fair value through other comprehensive income	6(7)	11,268	-	7,675	-
1550	Investments accounted for using equity method	6(8)	993,715	28	977,667	32
1600	Property, plant and equipment	6(9),8	550,653	16	541,936	17
1755	Right-of-use asset	6(10)	1,358	-	4,339	-
1760	Investment property, net	6(12),8	74,341	2	69,176	2
1780	Intangible assets	6(13)	10,226	-	12,047	-
1840	Deferred tax assets	6(31)	15,660	1	44,647	2
1900	Other non-current assets	6(19),8	34,369	1	56,277	2
15XX	Total non-current assets		<u>1,691,590</u>	<u>48</u>	<u>1,713,764</u>	<u>55</u>
1XXX	Total Assets		<u>\$ 3,517,879</u>	<u>100</u>	<u>\$ 3,111,581</u>	<u>100</u>

(Continued)

Liabilities and equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(14),8	\$ 559,082	16	\$ 500,106	16
2110	Short-term notes and bills payable	6(15),8	72,000	2	114,000	4
2120	Financial liabilities measured at fair value through profit and loss - current	6(2)	1,709	-	802	-
2130	Current contract liabilities	6(24),7	10,121	-	6,821	-
2150	Notes payable		231	-	2,355	-
2170	Accounts payable		118,167	3	65,031	2
2180	Accounts payable - related parties	7	22,261	1	39,870	1
2200	Other payables	6(16)	64,647	2	43,235	2
2220	Other payables- related parties	7	5,763	-	857	-
2230	Current income tax liabilities		8,847	-	-	-
2280	Lease liabilities - current	6(10)	1,354	-	3,093	-
2320	Long-term liabilities, current portion	6(18),8	93,672	3	120,292	4
2399	Other current liabilities		657	-	987	-
21XX	Total Current Liabilities		<u>958,511</u>	<u>27</u>	<u>897,449</u>	<u>29</u>
Non-current liabilities						
2530	Corporate bonds payable	6(17)	-	-	105,584	4
2540	Long-term loans	6(18),8	471,806	14	565,364	18
2570	Deferred income tax liability	6(31)	1,177	-	-	-
2580	Lease liabilities - noncurrent	6(10)	-	-	1,246	-
2600	Other non-current liabilities	6(8)(19)	853	-	4,157	-
25XX	Total Non-Current Liabilities		<u>473,836</u>	<u>14</u>	<u>676,351</u>	<u>22</u>
2XXX	Total Liabilities		<u>1,432,347</u>	<u>41</u>	<u>1,573,800</u>	<u>51</u>
Equity						
Share capital:						
3110	Common Stock	6(21)	954,394	27	744,218	24
Capital surplus:						
3200	Capital surplus	6(22)	805,341	23	610,280	19
Retained earnings:						
3310	Legal reserve	6(23)	84,049	2	81,863	2
3320	Special reserve		76,030	2	65,285	2
3350	Unappropriated earnings		257,410	7	144,983	5
Other equity:						
3400	Other equity		(55,177)	(1)	(76,029)	(2)
3500	Treasury stock	6(21)	(36,515)	(1)	(32,819)	(1)
3XXX	Total Equity		<u>2,085,532</u>	<u>59</u>	<u>1,537,781</u>	<u>49</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total Liabilities and Equity		<u>\$ 3,517,879</u>	<u>100</u>	<u>\$ 3,111,581</u>	<u>100</u>

Item	Note	2022		2021		
		Amount	%	Amount	%	
4000	Net sales revenue	6(24),7	\$ 1,257,706	100	\$ 1,059,735	100
5000	Operating costs	6(5)(13),(29)(30),7	(973,599)	(77)	(846,198)	(80)
5900	Gross profit		284,107	23	213,537	20
5910	Unrealized profit from sales	6(8)	(13,676)	(1)	(18,565)	(2)
5920	Realized profit on from sales	6(8)	18,565	1	17,394	2
5950	Gross profit, net		288,996	23	212,366	20
	Operating expenses	6(13)(29)(30),7				
6100	Selling expenses		(71,965)	(6)	(67,977)	(6)
6200	General and administrative expenses		(57,939)	(5)	(60,005)	(6)
6300	Research and development expenses		(76,838)	(6)	(75,022)	(7)
6450	Expected credit impairment loss	12(2)	(1,464)	-	-	-
6000	Total operating expenses		(208,206)	(17)	(203,004)	(19)
6900	Operating gain		80,790	6	9,362	1
	Non-operating income and expenses					
7100	Interest income	6(25),7	2,858	-	658	-
7010	Other income	6(26),7	32,223	3	14,644	1
7020	Other gains and losses, net	6(27),7	79,975	6	(12,713)	(1)
7050	Finance costs	6(28)	(17,366)	(1)	(16,541)	(1)
7070	Share of profits of subsidiaries, associates and joint ventures accounted for using equity method, net	6(8)	(6,912)	(1)	25,057	2
7000	Total non-operating revenue and expenses		90,778	7	11,105	1
7900	Net income before tax		171,568	13	20,467	2
7950	Income tax (expense) benefit	6(31)	(39,180)	(3)	1,590	-
8200	Net income for the year		\$ 132,388	10	\$ 22,057	2
	Other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation	6(19)	\$ 1,807	-	\$ 178	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(7)	2,830	-	1,593	-
8330	Share of other comprehensive gain of subsidiaries and associates		72	-	(373)	-
8310	Total of components of other comprehensive income that will not be reclassified subsequently to profit or loss		4,709	-	1,398	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(8)	18,022	2	(12,338)	(1)
8360	Total of components of other comprehensive income that will be reclassified subsequently to profit or loss		18,022	2	(12,338)	(1)
8300	Other comprehensive income (loss) of the period		\$ 22,731	2	(\$ 10,940)	(1)
8500	Total comprehensive income for the period		\$ 155,119	12	\$ 11,117	1
	Earnings per share	6(32)				
9750	Basic earnings per share		\$ 1.51		\$ 0.30	
9850	Diluted earnings per share		\$ 1.50		\$ 0.30	

Year ended December 31, 2021

Balance at January 1, 2021		\$ 696,460	\$ 15,074	\$ 558,236	\$ 737	\$ 3,570	\$ 13,608	\$ 80,989	\$ 61,064	\$ 142,262	(\$ 56,817)	(\$ 8,467)	(\$ 31,465)	\$ 1,475,251
Net income for the year		-	-	-	-	-	-	-	-	22,057	-	-	-	22,057
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	178	(12,338)	1,220	-	(10,940)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	22,235	(12,338)	1,220	-	11,117
Distribution of 2020 earnings	6(23)													
Legal reserve		-	-	-	-	-	-	874	-	(874)	-	-	-	-
Special reserve		-	-	-	-	-	-	-	4,221	(4,221)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(7,023)	-	-	-	(7,023)
Stock dividends		7,023	-	-	-	-	-	-	-	(7,023)	-	-	-	-
Conversion of convertible corporate bonds	6(17)	-	25,661	34,933	-	-	(4,755)	-	-	-	-	-	-	55,839
Conversion of bond conversion entitlement	6(21)	40,735	(40,735)	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	6(21)	-	-	-	-	-	-	-	-	-	-	(32,819)	(32,819)	-
Share-based payment transaction	6(20)(21)	-	-	-	3,724	-	227	-	-	-	-	-	31,465	35,416
Changes in equity of associates accounted for using equity method	6(8)	-	-	-	-	-	-	-	-	(373)	-	373	-	-
Balance at December 31, 2021		\$ 744,218	\$ -	\$ 593,169	\$ 4,461	\$ 3,570	\$ 9,080	\$ 81,863	\$ 65,285	\$ 144,983	(\$ 69,155)	(\$ 6,874)	(\$ 32,819)	\$ 1,537,781

Year ended December 31, 2022

Balance at January 1, 2022		\$ 744,218	\$ -	\$ 593,169	\$ 4,461	\$ 3,570	\$ 9,080	\$ 81,863	\$ 65,285	\$ 144,983	(\$ 69,155)	(\$ 6,874)	(\$ 32,819)	\$ 1,537,781
Net income for the year		-	-	-	-	-	-	-	-	132,388	-	-	-	132,388
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	1,807	18,022	2,902	-	22,731
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	134,195	18,022	2,902	-	155,119
Distribution of 2021 earnings	6(23)													
Legal reserve		-	-	-	-	-	-	2,186	-	(2,186)	-	-	-	-
Special reserve		-	-	-	-	-	-	-	10,745	(10,745)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(8,909)	-	-	-	(8,909)
Capital increased in cash	6(21)	160,000	-	136,000	-	-	-	-	-	-	-	-	-	296,000
Conversion of convertible corporate bonds	6(17)	-	50,176	65,636	-	-	(8,853)	-	-	-	-	-	-	106,959
Conversion of bond conversion entitlement	6(21)	50,176	(50,176)	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	6(21)	-	-	-	-	-	-	-	-	-	-	(3,696)	(3,696)	-
Share-based payment transaction	6(20)	-	-	-	-	-	2,298	-	-	-	-	-	-	2,298
Changes in equity of associates accounted for using equity method	6(8)	-	-	-	-	(20)	-	-	-	72	-	(72)	-	(20)
Balance at December 31, 2022		\$ 954,394	\$ -	\$ 794,805	\$ 4,461	\$ 3,550	\$ 2,525	\$ 84,049	\$ 76,030	\$ 257,410	(\$ 51,133)	(\$ 4,044)	(\$ 36,515)	\$ 2,085,532

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax		\$	171,568	\$	20,467
Adjustments:					
Adjustments to reconcile profit (loss)					
Unrealized sales profits	6(8)		13,676		18,565
Realized gains from sales	6(8)	(	18,565)	(	17,394)
Net loss (profit) from financial assets and liabilities at fair value through loss (profit)	6(2)(27)	(	11,556)	(	393)
Expected credit impairment loss	6(29)		1,464		-
Depreciation expense	6(9)(10)		18,953		25,183
Amortization expense	6(13)		(29)		7,740
					8,614
Share-based payment compensation	6(20)(30)		2,298		3,951
Dividend income	6(26)	(	700)	(	431)
Interest income	6(25)	(	2,858)	(	658)
Loss (gain) on disposal of property, plant and equipment	6(27)		3,441		3,824
Loss (gain) on disposal of investment	6(27)	(	177)	(	169)
Interest expense	6(28)		17,366		16,541
Share of loss (profit) of associates accounted for using equity method	6(8)		6,912	(	25,057)
Changes in operating assets and liabilities					
Changes in operating assets					
Financial instruments at fair value through profit or loss			3,311	(	6,623)
Notes receivable			726	(	467)
Notes receivable - related parties			-		2
Accounts receivable			25,908	(	63,384)
Accounts receivable - related parties			55,711	(	40,502)
Other receivables-related parties		(	111,966)		27,716
Inventories		(	66,851)		31,752
Other current assets		(	31,690)	(	195,311)
Changes in operating liabilities					
Current contract liabilities			3,300	(	3,856)
Notes payable		(	2,124)		749
Accounts payable			53,136	(	21,364)
Accounts payable - related parties		(	17,609)		32,504
Other payables			21,165	(	9,970)
Other payables - related parties			4,906		67
Other current liabilities		(	330)		321
Other noncurrent liabilities		(	1,777)	(	298)
Cash (outflow) inflow generated from operations			145,378	(	195,621)
Interest received			2,781		910
Dividends received			700		431
Interest paid		(	15,690)	(	13,526)
Income tax paid			-	(	238)
Income tax refunded			33		-
Net cash flows (used in) from operating activities			<u>133,202</u>	(	<u>208,044</u>)

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at amortized cost		(\$	186,228)	(\$	29,431)
Proceeds from sale of financial assets at amortized cost			-		57,901
Acquisition of Financial assets at fair value through other comprehensive income	12(3)	(	4,500)		-
Proceeds from sale of Financial assets at fair value through other comprehensive income	12(3)		3,737		-
Acquisition of property, plant and equipment	6(9)	(	1,941 )	(	6,104)
Acquisition of investment property	6(12)		-	(	62,838)
Acquisition of intangible assets	6(13)	(	1,870 )	(	86)
Increase in equipment prepayment		(	9,763 )	(	33,322)
(Increase) decrease in refundable deposits		(	3,439)		3,277
Net cash flows used in investing activities		(	<u>204,004</u> )	(	<u>70,603</u>)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(34)		58,976		136,761
Decrease in short-term notes and bills payable	6(34)	(	42,000 )	(	6,000)
Proceeds from long-term debt	6(34)		-		252,000
Repayments of long-term debt	6(34)	(	120,178 )	(	190,075)
Repayment of lease principal	6(34)	(	3,221 )	(	11,555)
Increase (decrease) in guarantee deposits received	6(34)		226	(	1,421)
Cash dividends paid	6(23)	(	8,909 )	(	7,023)
Payments to acquire treasury shares	6(21)	(	3,696 )	(	32,819)
Increase capital in cash	6(21)		296,000		-
Exercise of employee share options	6(21)		-		31,465
Net cash inflow from financing activities			<u>177,198</u>		<u>171,333</u>
Net (decrease) increase in cash and cash equivalents			106,396	(	107,314)
Cash and cash equivalents at beginning of year			<u>184,336</u>		<u>291,650</u>
Cash and cash equivalents at end of year		\$	<u>290,732</u>	\$	<u>184,336</u>

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of profits, The CPA firm of PWC was retained to audit Arbor's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Arbor Technology Corp., According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Arbor Technology Corp.

Convener of the Audit Committee: Ming De, Wang

March 28, 2023

Arbor Technology Corp.
Profit Appropriation Statement for 2022

Unit: NT\$

Unappropriated retained earnings at the beginning of the year		123,142,629
Plus(Less):		
Net profit of 2022	132,388,315	
Changes in equity of associates accounted for using equity method	71,997	
Remeasurements of defined benefit obligation	1,807,195	
Special Reserve	20,852,020	
Legal Reserve	(13,426,751)	
Retained Earnings Available for Distribution		264,835,405
Distribution items:		
Cash dividends (NT\$0.8 per share)		(75,609,086)
Unappropriated retained earnings		189,226,319

Chairman: Eric Lee

President: Clark Lien

Controller: Feng Ling Kuo

Arbor Technology Corporation
Comparison Table for the Amendment of “Procedures
Governing the Acquisition or Disposal of Assets”

Comparison Table for the Amendment of “Procedures Governing the Acquisition or Disposal of Assets”			
Article	Amended articles	Current articles	Explanation
<p>Article 10 :</p> <p>Procedure for acquisition or disposal of securities investment</p>	<p>2. The decision-making process of terms and conditions of transaction</p> <p>(1) The trading of securities in either stock exchange market or securities brokerages, or in other locations other than stock exchange market or securities brokerages, except the public quotation from an active market or where otherwise provided by regulations of the Financial Supervisory Commission consider their net value per share, profitability and future development potential and marketability. For the accumulated investment amount of the single investment target which is NT\$ 30 million or under, the acquisition or disposal shall be executed only after the approval of the Chairman; for the accumulated investment of the single investment target which exceeds NT\$ 30 million, the acquisition or disposal shall be submitted to the Board of Directors for approval with the unrealized profit or loss analysis report of the securities.</p> <p>(2) 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 shall only be implemented after approved by the Chairman authorized.</p> <p>3. Omitted</p> <p>4.Acquisition of expert’s opinion The acquisition or disposal of securities of <u>Subparagraph 1 of</u></p>	<p>2. The decision-making process of terms and conditions of transaction</p> <p>(1) The <u>acquisition or disposal of securities investment shall</u> consider their profitability, future development potential and marketability. For the accumulated investment amount of the single investment target which is NT\$ 30 million or under, the acquisition or disposal shall be executed only after the approval of the Chairman; for the accumulated investment of the single investment target which exceeds NT\$ 30 million, the acquisition or disposal shall be submitted to the Board of Directors for approval with the unrealized profit or loss analysis report of the securities.</p> <p>3. Omitted</p> <p>4.Acquisition of expert’s opinion The acquisition or disposal of securities by the Company shall obtain the financial statements of the issuing company for the most recent period prior to the date of occurrence of the event, certified or reviewed by an accountant as reference for the appraisal of transaction price. The below is omitted.</p>	<p>Adjustment of the authorization limit for the Company to acquire or dispose of securities.</p>

Comparison Table for the Amendment of “Procedures Governing the Acquisition or Disposal of Assets”			
Article	Amended articles	Current articles	Explanation
	<p><u>Paragraph 2</u> by the Company shall obtain the financial statements of the issuing company for the most recent period prior to the date of occurrence of the event, certified or reviewed by an accountant as reference for the appraisal of transaction price.</p> <p>The below is omitted.</p>		
Article 20	<p>The above is omitted.</p> <p>The eleventh amendment was made on June 27, 2023.</p>	The above is omitted.	Amendment to resolution history.

Arbor Technology Corporation
Comparison Table for the Amendment of “Operational Procedures for Loaning Funds to Other Parties”

Items	Amended Version	Original Version	Reason
Article 2	<p>Article 2 : Evaluation standars for loaning funds to others and the limits on the total and respective parties' loan amount</p> <p>一、In the event the Company loans funds to the companies or firm businesses which have a business relationship with the Company:</p> <p>(一) Limits on the total loan amount: The total loaning amount of funds shall not exceed 40% of the net worth of the Company.</p> <p>(二) Limits on the respective parties' loan amount: The total loaning amount shall not exceed the total transaction amount between the parties and the Company and each affiliated company of the group. The so-called "total transaction amount" shall mean the predictable amount of sales and procurement (whichever is higher) in the current fiscal year or an upcoming year.</p> <p>二、In the event the Company loans funds to the companies or firm businesses which are in need of funds for a short-term period:</p> <p>(一) The borrowers shall be limited to the companies in which the Company holds more than 50% of the shares and are in need of funds for a short-term period due to the business need.</p> <p>1. The total loaning</p>	<p>Article 2 : The necessity and reasons for extending loans to others.</p> <p>In the event the Company loans funds to the companies or firm businesses which have a business relationship with the Company, it shall be operated pursuant to paragraph 2 of Article 3. In the event the Company loans funds to the companies or firm businesses which are in need of funds for a short-term period, the borrowers shall be limited to the companies in which the Company holds more than 50% of the shares and are in need of funds for a short-term period due to the business need.</p> <p>Article 3 : The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>1. The total loaning amount of funds shall not exceed 40% of the net worth of the Company.</p> <p>The term aforementioned "loaning amount of funds" means the cumulative balance of the public company's short-term financing.</p> <p>2. Where funds are loaned for business relationship, the total lending amount shall not exceed 40% of the net worth of the Company. The total loaning amount shall not exceed the</p>	Combined Article 2 & Article 3

Items	Amended Version	Original Version	Reason
	<p>amount of funds shall not exceed 40% of the net worth of the Company.</p> <p>The term aforementioned "loaning amount of funds" means the cumulative balance of the public company's short-term financing.</p> <p>2. Where short-term financing is needed, the lending amount per entity shall not exceed 10% of the net worth.</p> <p>(二) The Company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the requirements of Article 9, paragraph 2, the restriction in paragraph 1, subparagraph 2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100 percent of its net worth. A public company that engages in short-term financing under Article 3, paragraph 5, in addition to complying with the preceding paragraph, furthermore shall perform enhanced risk assessment for, respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group, and shall prescribe limits on the amounts that may be loaned in such financing.</p> <p>(三) When a responsible person of the Company violates</p>	<p>total transaction amount between the parties and the Company and each affiliated company of the group. The so-called "total transaction amount" shall mean the predictable amount of sales and procurement (whichever is higher) in the current fiscal year or an upcoming year.</p> <p>3. Where short-term financing is needed, the lending amount per entity shall not exceed 10% of the net worth.</p> <p>4. For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, or fund-lending to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit stated in subparagraph 1 of paragraph 1 and shall not exceed the 20% of the net worth of the Company. The duration shall be subject to Article 5.</p> <p>The Company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the requirements of Article 9, paragraph 2, the restriction in paragraph 1, subparagraph 2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100 percent of its net worth. A public company that engages in short-term financing under Article 3, paragraph 5, in addition to complying with the preceding paragraph, furthermore shall perform enhanced risk assessment for,</p>	

Items	Amended Version	Original Version	Reason
	<p>paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.</p> <p>三、For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, or fund-lending to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company:</p> <p>(一) The total amount for such fund-lending shall not be subject to the limit stated in subparagraph 1 of paragraph 1</p> <p>(二) The limits on the total and respective parties' loan amount shall not exceed the 40% of the net worth of the Company.</p> <p>(三) Each fund loaning shall not exceed one year. If the repayment cannot be made on time and needs a postponement, the postponement request shall be submitted in advance and approved after the resolution of the Board of Directors. Each deferred repayment shall not exceed one year and shall be limited to twice.</p>	<p>respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group, and shall prescribe limits on the amounts that may be loaned in such financing.</p> <p>When a responsible person of the Company violates paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.</p>	
Article 3	<p>Article3 : Duration of loans and calculation of interest</p> <p>一、Term for loans of funds</p> <p>(一) In the event the company loans funds to the other parties by reason of business relation: Each fund loaning shall be effective for one year. In the case of special circumstances, the duration may be adjusted upon approval of the Board of Directors.</p> <p>(二) For the companies in deed of funds for a short-term</p>	<p>Article 5 : Duration of loans and calculation of interest</p> <p>Each fund loaning shall be effective for one year. In the case of special circumstances, the duration may be adjusted upon approval of the Board of Directors.</p> <p>The interest rate of the loaning fund shall not be lower than the highest interest rate of the short-term loan borrowed from the financial institutions by the Company; the chairman is authorized to determine the calculation of interest.</p>	

Items	Amended Version	Original Version	Reason
	<p>period:</p> <p>1. Each fund loaning shall not exceed one year ; The starting point of the 1-year period shall be calculated from the date of the actual loan, if it is a loan in installments or the nature of revolving use, it shall be calculated from the date of the first actual loan one year</p> <p>2. When the borrowers repay the loan once the loan is due, the borrowers shall not be allowed to repay the loans by other methohs except of by cash or request to postpone the loans after the resolution of the Board of Directors.</p> <p>二、 The method of calculating interest rate</p> <p>The interest rate of the loaning fund shall not be lower than the highest interest rate of the short-term loan borrowed from the financial institutions by the Company; the chairman is authorized to determine the calculation of interest.</p>		
Article 4	<p>Article 4 : Pprocedures for ratification</p> <p>.....</p> <p>四、 Delet</p> <p>五、 Delet</p> <p>六、 Delet</p>	<p>Article 4 : Operational procedures of loaning funds</p> <p>.....</p> <p>4. The Company shall prepare a memorandum book for its</p>	Relayout the related Articles

Items	Amended Version	Original Version	Reason
		<p>fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated according to the regulations.</p> <p>5. The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the <u>audit committee</u> in writing of any material violation found and the punishment shall be made to the managers and responsible officers in accordance to the extend of violation.</p> <p>6. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification</p>	

Items	Amended Version	Original Version	Reason
		<p>plans to the <u>audit committee</u>, and shall complete the rectification according to the timeframe set out in the plan to enhance the corporate internal control.</p>	
Article 5	<p>Article 5 : Subsequent measures for controlling and managing loans already made and procedures for handling delinquent creditor's rights,</p> <p>一、The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated according to the regulations.</p> <p>二、The Company shall always pay attention to the situation of financial, business, relevant credit of the borrowers and guarantors, and so on. If the borrowers provide the collateral, the Company shall pay attention to any change in the value of the collateral as well. In the event there is any significant change, the chairman shall be informed accordingly and the Company shall take the appropriate measurement according to the instruction.</p> <p>三、When the borrowers repay the loan on or before the loan is</p>	<p>Article 5 : Duration of loans and calculation of interest</p> <p>.....</p>	Relayout the related Articles

Items	Amended Version	Original Version	Reason
	<p>due, the Company shall only revoke the promissory note and so on and return it to the borrowers or do the lien cancellation after the payable interest is calculated and repaid with the principal.</p> <p>四、The borrowers shall repay the principal immediately once the loan is due. If the repayment cannot be made on time and needs a postponement, the postponement request shall be submitted in advance and approved after the resolution of the Board of Directors. Each deferred repayment shall not exceed 6 months and shall be limited to once. The Company may dispose of and make the reimbursement by the collateral or guarantors if provided.</p> <p>五、If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan to enhance the corporate internal control.</p>		

Items	Amended Version	Original Version	Reason
Article 6	<p>Article 6: Internal auditing and penalty</p> <p>The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found and the punishment shall be made to the managers and responsible officers in accordance to the extend of violation.</p>	<p>Article 6: Regarding the follow-up measures for controlling and managing loans already made and procedures for handling delinquent creditor's rights</p> <p>.....</p>	Relayout the related Articles
IV. Effectiveness and amendment	<p>IV. Effectiveness and amendment</p> <p>.....</p> <p>The 4th amendment was made on July 5, 2021.</p> <p><u>The 5th amendment was made on July 5, 2021.</u></p>	<p>IV. Effectiveness and amendment</p> <p>.....</p> <p>The 4th amendment was made on July 5, 2021.</p>	Amendment to resolution history.

Attachment 7**Dismissal of Restriction on Newly Appointed Independent Directors from
Non-Competition**

Type of candidate	Name of candidate	Institute and position the candidate concurrently serves
Independent director	Tai, Chein	<ul style="list-style-type: none">● Kun Shan University: Director● Asia Pacific ESG Action Alliance: Chairman● Chi Mei Medical Hospital Corp.: Director● Tainan City Meat Market: Director● Kun Shan University Department of Business Administration: Professor

Appendix 1

ARBOR Technology Corporation Procedures Governing the Acquisition or Disposal of Assets

Article 1 : Purpose

These Procedures are adopted to protect the Company's assets and ensure public disclosure of information. The acquisition or disposal of assets shall comply with this procedure.

Article 2 : Governing law

These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act, the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and other relevant rules and regulations.

Article 3 : Assets

1. Securities: including investments in stocks, governmental bonds, corporate bonds, financial debentures, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, asset-backed securities
2. Real property (including lands, houses and buildings, investment property, rights to use land), construction industry inventory and equipment.
3. Memberships.
4. Intangible assets: including patents, copyrights, trademarks and franchise right.
5. Right-of-use assets.
6. Credit of financial institutions (including account receivables, bills purchase and discount, loans and overdue receivables).
7. Derivative products.
8. Assets acquired or disposed of in connection with merger, spin-off, acquisitions, or transfer of shares in accordance with the law.
9. Other major assets.

Article 4 : Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation

of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. 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 counterpart and monetary amount of the transaction, whichever date is earlier; provided, 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.
6. 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.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 : Limits of amounts of real estate investment for non-business use and marketable securities
The limits of amounts of the aforementioned assets acquired by the Company and its subsidiaries are as below:

1. The acquisition of real estate for non-business use by the Company and its subsidiaries shall not exceed 15% of the Company's net worth.
2. The total amount of all security investments of the Company and its subsidiaries shall not exceed 200% of the Company's net worth.
3. The amount of investment of the Company and its subsidiaries in each individual security shall not exceed 50% of the Company's net worth.

Article 6 : Appraisal reports and opinions

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the

Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 7 : Where 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 CPA opinion.

Article 8 : The calculation of the transaction amounts referred to in paragraphs 9 to 11 shall be made according to the below method, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtained the appraisal report by professional appraisers or opinions from public accountant need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Article 9 : Procedure for acquisition or disposal of real property, equipment or right-of-use assets thereof

1. Procedures for assessment and operation

The acquisition or disposal of real property, equipment or right-of-use assets thereof of the Company shall be executed in accordance with the Company's property, plant and equipment cycle of internal control system.

2. The decision-making process of terms and condition of transaction

(1) The acquisition or disposal of real property shall refer to the announced current value, appraised value and actual transaction price of the neighboring real property to decide on the terms for the transaction and transaction price and make these into an analysis report and report such to the chairman; the amount which is NT\$30 million or under shall be submitted for the chairman's approval and to the most recent shareholders' meeting for the report afterwards; however, for the amount which exceeds NT\$30 million is required to submit for the Board of Directors for a resolution.

(2) The acquisition or disposal of other equipment or right-of-use assets thereof shall be proceeded by methods of price inquiry, price comparison or bid invitation; for the acquisition or disposal of which the amount is under NT\$10 million, it shall be approved by the applicable levels in accordance with the rules of authorization; for the amount exceeding NT\$10 million but less than NT\$ 30 million, the acquisition or disposal shall be submitted for the chairman's approval and to the most recent shareholders' meeting for the report; for the amount exceeding NT\$ 30 million, the acquisition or disposal shall be executed only after it is approved by the Board of Directors.

3. Execution unit

The acquisition and disposal of real property, equipment or right-of-use assets thereof by the Company shall be approved in accordance with the preceding authorization of approval after submission and implemented by the using department and the human resource department.

4. Appraisal reports of real property, equipment or right-of-use assets thereof:

The acquisition or disposal of real property, equipment or right-of-use assets thereof or other fixed assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a government agency of the Republic of China ("R.O.C"), engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment or right-of-use assets thereof, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

(1) Due to special circumstances that 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, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

(2) For transaction amount of NT\$1 billion or more, the appraisals from two or more professional appraisers are required.

(3) In the event any 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, an accountant shall be engaged to perform the appraisal and render a concrete

opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

A. The discrepancy between the appraisal result and the transaction amount is 20 % or more of the transaction amount.

B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

- (4) The issuance date of the appraisal report issued by a professional appraiser and the execution date of the contract in between may not exceed more than 3 months; provided that the 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.

Article 10 : Procedure for acquisition or disposal of securities investment

1. Procedures of assessment and operation

The acquisition or disposal of securities investment of the Company shall be executed in accordance with the Company's investment cycle of the internal control system.

2. The decision-making process of terms and conditions of transaction

(1) The acquisition or disposal of securities investment shall consider their profitability, future development potential and marketability. For the accumulated investment amount of the single investment target which is NT\$ 30 million or under, the acquisition or disposal shall be executed only after the approval of the Chairman; for the accumulated investment of the single investment target which exceeds NT\$ 30 million, the acquisition or disposal shall be submitted to the Board of Directors for approval with the unrealized profit or loss analysis report of the securities.

3. Execution unit:

The investment of securities by the Company shall be submitted for approval in accordance with the approval procedure provided in the preceding paragraph and executed by the financial department.

4. Acquisition of expert's opinion:

The acquisition or disposal of securities by the Company shall obtain the financial statements of the issuing company for the most recent period prior to the date of occurrence of the event, certified or reviewed by an accountant as reference for the appraisal of transaction price.

In the event the dollar amount of the transaction is 20% of the Company's paid-in capital or is NT\$300 million or more, the Company shall also engage an accountant to provide an opinion with respect to the reasonableness of the transaction price prior to the date of occurrence of the event. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated under the Financial Supervisory Commission.

5. The Company shall not abandon the capital increase of each future year for Excellent Top International Development Limited (hereinafter referred to as Excellent Top International), Allied Info Investments Ltd (hereinafter referred to as Allied), Flourish Technology Co., Ltd (hereinafter referred to as Flourish), Guiding Technology Co., Ltd., Arbor Solution Inc., Arbor France S.A.S and Arbor Korea Co., Ltd. Excellent Top International shall not abandon the capital increase of each future year for Arbor Technology (Shenzhen) Co., Ltd. (hereinafter referred to as Arbor Shenzhen, Allied shall not abandon the capital increase of each future year for Beijing Arbor Science & Technology Co., Ltd., Flourish shall not abandon the capital increase of each future year for Arbor SA Technology Co., Ltd. (hereinafter referred to as Arbor SA), and

Arbor SA shall not abandon the capital increase of each future year for Arbor Shanghai Electronic Technology Co., Ltd. In the event the Company has to abandon the capital increase or dispose of the preceding companies due to strategic alliance consideration or with the approval of Taipei Exchange, the abandon or disposal shall obtained the special resolution by the Board of Directors of the Company.

6. In the event there is an amendment made to Article 5 of this Procedure, it shall be entered into the Disclose Information of the Market Observation Post System and reported to the Taipei Exchange for future reference.

Article 11 : Procedures for acquisition or disposal of membership, intangible assets or right-of-use assets thereof

1. Procedure of evaluation and operation

The acquisition or disposal of membership, intangible assets or right-of-use assets thereof by the Company shall be executed in accordance with the Company's property, plant and equipment cycle of internal control system.

2. The decision-making process of terms and conditions of transaction

- (1) The acquisition or disposal of membership shall refer to the fair market value in deciding the terms and conditions of the transaction and transaction price and make these into an analysis report and report such to the chairman; when the amount is 1% of the Company's paid-in capital or NT\$30 million or under, such acquisition or disposal shall be submitted to the chairman for approval and to the most recent shareholders' meeting for the report; however, when the amount is over NT\$30 million, the execution of such acquisition or disposal requires a separate approval of Board of Directors.

- (2) The acquisition or disposal of intangible assets or right-of-use assets thereof shall refer to professional appraisal report or fair market value in deciding the terms and conditions of the transaction and transaction price and make these into an analysis report and report such to the chairman; when the amount is 10% of the Company's paid-in capital or NT\$20 million or under, such acquisition or disposal shall be submitted to the chairman for approval and to the most recent shareholders' meeting for the report; however, when the amount is over NT\$20 million, the execution of such acquisition or disposal requires a separate approval of Board of Directors.

3. Execution unit

The acquisition or disposal of membership, intangible assets or right-of-use assets thereof by the Company shall be approved by the authorization of approval provided in the preceding paragraph and executed by the using department and financial department or administration department.

4. Professional appraisal opinion report of membership, intangible assets or right-of-use assets thereof:

- (1) The Company's acquisition or disposal of membership which reaches 1% of the Company's paid-in capital or NT\$3 million or more shall require an appraisal report from the professional.
- (2) The Company's acquisition or disposal of intangible assets or right-of-use assets thereof which reaches 10% of the Company's paid-in capital or NT\$20 million or more shall require an appraisal report from the professional.
- (3) Except for transactions with R.O.C. government agencies, the transaction amount of the Company's acquisition or disposal of membership, intangible assets or

right-of-use assets thereof which reaches 20% of the Company's actual paid-in capital or NT\$30 million shall require the accountant's opinion with regard to the reasonableness of the transaction price prior to the date of occurrence of the event.

Article 12 : Procedures for acquisition or disposal of the claim of financial institutions

The Company basically does not intend to engage in the acquisition or disposal of the transaction of the claim of financial institutions. If the Company subsequently wishes to engage in such kind of transaction, the procedures of evaluation and operation shall be established after the approval of the shareholders' meeting.

Article 13 : Procedure for 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 according to the procedure of the acquisition of the real estate stated in the Article 7 and the following regulations, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Procedure of Appraisal and Operation

In acquiring or disposing the real property or right-of-use assets thereof from or to a related party, or acquiring or disposing the assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT \$300 million or more, except for trading of R.O.C. government bonds or bonds with call or put options, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed with execution of a transaction contract or making any payment until the following information has been submitted for the approval of Board of Director:

- (1) The purpose, necessity and anticipated benefit of the asset for acquisition or disposal;
- (2) The reason for selecting the related party as the trading counterparty;
- (3) In acquiring the real property or right-of-use assets thereof from a related party, information regarding the appraisal of reasonableness of the preliminary transaction terms and conditions in accordance with subparagraphs 1 and 4 of paragraph 3 of this Article;
- (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and the 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 execution of the contract, and evaluation of the necessity of the transaction and the reasonableness for the utilization of the funds;
- (6) Acquisition of an appraisal report from a professional appraiser or an

accountant's opinion according to paragraph 1;

(7) Restriction and other important agreements associated with the transaction.

With respect to the types of transactions listed below when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 9, paragraph 2 delegate the board chairman to decide such matters when the transaction is within NT\$ 30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

(2) Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, 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.

Where an audit committee has been established, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 19, paragraphs 1 and 4.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 8 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 or Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

3. Assessment for the Reasonableness of Transaction Cost

(1) The acquisition of real property or right-of-use assets thereof from a related party by the Company shall evaluate the reasonableness of the transaction costs by the following means:

A. Based on the related party's transaction price plus necessary interest on 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 real property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the real 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 real property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

- (2) 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 any means listed in the preceding paragraph.
- (3) The acquisition of real property or right-of-use assets thereof from a related party by the Company and appraises the cost of the real property or right-of-use assets thereof in accordance with the provisions of subparagraph 1 and 2 of paragraph 3 of this Article shall also engage an accountant to check the appraisal and render a specific opinion.
- (4) In the event the result of the appraisal conducted in accordance with subparagraph 1 and 2 of paragraph 3 of this Article are uniformly lower than the transaction price in connection with the acquisition of real property or right-of-use assets thereof by the Company, such matter shall be handled in compliance with subparagraph 5 of paragraph 3 of this Article; this provision shall not apply to the following circumstances exist, provided that the objective evidence has been submitted and concrete opinions on reasonableness have been obtained from a professional real property appraiser and an accountant.

A. Where the related party acquired 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 provided 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 three 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) Completed transactions by irrelevant parties within the preceding year involving other floors of the same property or 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 standard real property or leasing market practices.

B.

Where the Company acquiring real property or real property right-of-use assets through lease from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by irrelevant parties within the preceding year. The completed transactions 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 transactions completed by irrelevant parties for parcels with a land area of no

less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property or right-of-use assets thereof.

- (5) The following shall be adopted in the event the acquisition of real property or right-of-use assets thereof from a related party by the Company and the results of appraisals conducted in accordance with the subparagraphs 1 to 4 and 6 of paragraph 3 of this Article are uniformly lower than the transaction price:

A. A special reserve shall be set aside in accordance with the provision set forth in paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public 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 public company's equity stake in the other company.

B. The audit committee shall comply with the provisions under Article 218 of the Company Act.

C. Actions taken pursuant to subparagraph 1 and 2 of paragraph 5 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

In addition, the Company and the public company which adopts the equity method to account for its investment in the Company that has set aside a special reserve under the following provision 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 the lease has been terminated or adequate compensation has been made, or the status has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.

- (6) In the event any of the following exists when the Company acquires real property or right-of-use assets thereof from a related party, the acquisition shall be conducted in accordance with paragraph 1 and 2 of this Article, and the provisions regarding the evaluation of the reasonableness of the cost of transaction under subparagraphs 1, 2 and 3 of paragraph 3 of this Article do not apply:

A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

B. More than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

C. The real property is acquired through 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.

D. The real property right-of-use assets for operational use is acquired between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

- (7) When a public company acquires real property or right-of-use assets thereof from a related party, it shall also comply in accordance with subparagraph 5 of paragraph 3 of this Article in the event there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 14 : Procedure for acquisition or disposal of derivative products

1. Trading principle and guideline:

(1) Types

- A. The derivative products that the Company engages in indicate the trading contracts (for example forward contract, options, futures, interest rate or exchange rate, swap or from a combination thereof) whose value is derived from assets, interest rate, exchange rate, index or other interest, and so on.
- B. Regarding matters related to bond margin trading, such matters shall be handled according to relevant requirements of these Procedures. The requirements of these Procedures may not be applicable to bond trading under repurchase agreement.

(2) Business (hedge) strategy

The Company engaging in financial derivatives trading shall be for the purpose of hedging, and the trading commodities shall be selected and used mainly for hedging risks arising from the business operation of the Company. The currency held shall match with the foreign currency required for the actual import and export transactions of the Company and based on the principle of offset of the entire internal position (refers to foreign currency income and expenditure) of the Company, thereby reducing the overall foreign exchange risk of the Company and saving foreign exchange operational cost. Other transactions of specific purposes shall be reviewed rigorously and reported to the Board of Directors for approval before execution of such transactions.

(3) Delegation of responsibilities

A. Department of finance

(i) Financial unit

- (a) Responsible for the establishment of the financial product trading strategy of the entire company.
- (b) Trading personnel shall, based on the periodic calculation position of every two weeks, collect market information, perform trend determination and risk assessment, establish operation strategy, in order to use such information and strategy as the basis for trading after approval is obtained according to the approval authority.
- (c) Execute trading according to the authorization granted and the existing strategy.
- (d) In case of any major changes in the financial market, when the trading personnel determine that the existing strategy is not applicable, then assessment report shall be submitted at any time, and strategy shall be re-established, following which once the approval of President is obtained, it is used as a basis for engaging in trading.

(ii) Accounting unit

- (a) Confirm the legitimacy and rationality of the trading information

- (b) Review whether trading is executed according to the authorization authority and predefined strategy.
- (c) Regular assessment of the market price of the holding position.
- (d) Bookkeep the relevant procedure and regulation and disclose the relevant matters of the derivative products in the financial statements.
- (e) Perform reporting and announcement according to the regulations of the Securities and Futures Administration Committee.

B. Auditing department

Responsible for understanding the confirmation of the rationality and legitimacy of each item in the internal and external transaction sheet of the derivative products, reviewing regularly or irregularly the status of trading department's compliance with the operating procedures, and preparing audit reports. In addition, in case of material deficiency, the report shall be submitted to the Board of Directors.

C. Senior executives

The Board of Directors shall authorize the chairman as the senior executive for the derivative products trading to pay continuous attention to monitoring and controlling derivatives trading risk.

D. Board of Directors

The highest managerial level of the Company for the derivative products trading.

(4) Performance evaluation

- A. The profit or loss obtained from difference between the exchange rate cost recognized and the financial derivative trading made by the Company is used as the basis for performance evaluation
- B. To sufficiently manage and express the evaluation risks of transactions, the Company adopts the monthly evaluation method to assess the profit and loss.
- C. The Department of Finance shall provide foreign exchange position evaluation and foreign exchange market trend as well as market analysis for submission to the President as reference and guidance for management.

(5) Establishment of contract total amount and loss limit

A. Contract total amount

(i) Hedge trade limit

Financial department shall manage the overall positions of the Company in order to hedge trading risk, and the hedge trading amount shall not exceed two-thirds of the overall net position of the Company. In the event the hedge trading amount exceeds two-thirds of the overall net position of the Company, it shall be submitted to the chairman for approval. In the event the hedge trading amount exceeds the overall net position of the Company, it shall be executed only after submitted to the Board of Directors and obtained approval.

(ii) Trading of Specific Purpose

For predication on the market change condition the financial department may establish strategy according to the needs, and shall

submit to the President and Chairman for approval before execution

B. Establishment of loss limit

- (i) The loss amount of hedging trading shall not exceed 50% of the trading contract amount, applicable to individual and entire contracts.
- (ii) For trading contract of specific purpose, after the position is established, the stop-loss point shall be set up in order to prevent loss exceeding the limit. Regarding the setting of stop-loss point, the individual loss amount shall not exceed 10% of the trading contract amount. In case the loss amount has exceeded 10% of the trading amount, it shall be reported to the senior executives immediately, and reported to the Board of Directors, in order to discuss necessary responsive measures.

2. Risk management measures

(1) Scope of risk management

A. Credit Risk Management:

Due to various factor changes in the market, operational risks of financial derivatives are likely to occur. Accordingly, the market risk management shall be performed according to the following principle:

- (i) Transaction counterparties: shall be domestic/foreign well-known financial institutions in principle.
- (ii) Transaction commodities: shall be limited to products provided by domestic/foreign well-known financial institutions.
- (iii) Transaction amount: The open transaction amount of one identical transaction subject shall not exceed 10% of the total amount authorized; however, where the approval of the President is obtained, such restriction shall not be applied.

B. Market risk management

The open foreign exchange trading market provided by banks are considered in principle, and the futures market is temporarily not considered.

C. Liquidity risk management

To ensure the market liquidity, during the selection of financial products, the ones with relatively higher liquidity (i.e. can be squared off in the market at any time) shall be selected in principle. The financial institutions entrusted to perform transactions shall have sufficient information and the capability to perform transactions in any market at any time.

D. Cash flow risk management

To ensure the stability of working capital of the Company, the source of fund for the Company to engage in derivatives trading shall be limited to own funds only, and the operating amount shall consider the fund demand anticipated for the cash income/expenditure in the next three months.

E. Operational risk management

- (i) Shall comply with the authorization limit, operation procedures specified by the Company properly and shall be included in the internal audit in order to prevent operating risk.
- (ii) Personnel engaging in derivatives trading shall not concurrently act as the operators for the confirmation and delivery of transactions.
- (iii) Risk measurement, supervision and control personnel shall be from departments different from the personnel described in the preceding paragraph,

and shall report to the board of directors or senior supervisor not responsible for the position decision making.

(iv) The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the senior management officer authorized by the Board of Directors.

F. Product risk management

Internal trading personnel shall be equipped with complete and proper professional knowledge on financial products, and shall request banks to sufficiently disclose risks, in order to prevent the risk of misuse of financial products.

G. Legal risk management:

Documents to be signed with financial institutions shall reviewed by professional personnel of the foreign exchange and legal or legal consultant before executing official signing in order to prevent legal risk

(2) Internal control

A. Personnel shall not concurrently engage in both trading and settlement of financial derivatives transactions.

B. The trading personnel shall provide the transaction documents or contracts to the accounting officers for the record.

C. The accounting personnel shall regularly reconcile or do external confirmations with the correspondent banks.

D. The accounting personnel shall review if the trading total amount has already exceeded the net position of foreign currency assets and liabilities at any time.

(3) Procedures of operation

A. The trading personnel shall cooperate with the banks' quota and the exchange position provided by the accountants and process the inquiry, price comparison and trading within the authorized quota.

B. After completing the transaction, the trading personnel shall fill in the internal trading sheet and submit it to the financial department to reconcile with the external documents. The accounting department shall bookkeep it after confirmation.

C. When the trading expires, the financial department 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 shall be recorded in detail in the log book.

D. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

3. Internal audit system

(1) Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading and analyze the trading cycle in order to prepare audit report. In case of discovery of material breach, written notice shall be submitted to the independent directors.

- (2) Internal auditors shall submit the audit report along with the internal audit operation annual audit plan execution status to FSC before the end of February of next year pursuant to “ Regulations Governing Establishment of Internal Control Systems by Public Companies”, and shall also report the abnormality improvement status to FSC for recordation no later than the end of May of next year.

4. Periodic assessment method

- (1) The board of directors shall authorize senior management officers to periodically supervise and assess whether derivative trading performed are handled properly according to the trading procedures established by the Company, and whether the risk borne is within the acceptable range. In case of any abnormalities indicated in the market price assessment report (such as the position held has exceeded the loss limit), a report to the chairman shall be made immediately, and responsive measures shall be adopted.
- (2) The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the senior management officer authorized by the Board of Directors and the monthly report made with the assessed profit and loss of the fair market value shall be provided to the managerial level for the performance evaluation.

5. Supervision management principles for board of directors for engaging in derivative trading

- (1) The board of directors shall designate senior management officers to be aware of the supervision and control of the risks of derivative trading, and the management principle is as follows
 - A. The designated senior management officers shall be aware of the supervision and control of the risks of derivative trading at any time.
 - B. Periodically assess whether the performance of the derivatives trading complies with the predefined management strategies and whether the risk borne is within the acceptable range of the Company.
- (2) The designated senior management officers shall manage the trading of derivative products according to the below principles:
 - A. Periodically assess whether the risk management measures currently adopted are appropriate and whether matters are handled according to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and these Procedures.
 - B. Supervise trading and profit/loss condition. In case of discovery of abnormality, necessary responsive measures shall be adopted, and shall report to the Board of Directors. If the audit committee is established, the Board of Directors’ meeting shall be attended by independent directors and opinions shall be provided.

Article 15 : Procedures for merger, demerger, acquisition or transfer of shares

1. Assessment and operating procedures

- (1) To conduct merger, demerger, acquisition or transfer of shares, the Company is recommended to appoint attorney, CPA and securities underwriter to jointly establish the statutory procedure and predefined schedule, and organize project team to execute according to the statutory procedure. In addition, prior to

convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to provide 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 of directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of the Company's merger of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

- (2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Subparagraph (I) of Paragraph I of this Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to 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 matters requiring attention

- (1) Date of board of directors' meeting: The Company participating in a merger, demerger, or acquisition shall convene a board of directors' meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in a transfer of shares shall call a board of directors' meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) Prior non-disclosure undertaking: All personnel of the companies 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) Share exchange ratio or acquisition price establishment and change principle: The company conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, 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 report to the shareholders' meeting. The share exchange ratio or acquisition price shall not be altered arbitrarily in principle; however, where the

contract has specified terms/conditions permitting alternation and such alternation have been publicly disclosed, then such restriction shall not be applied. The criteria permitted for the alternation of share exchange ratio or acquisition price are as follows:

- A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - B. An action, such as a disposal of major assets, that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Required content of contract: The contract for participation by a public company in a merger, demerger, acquisition, or transfer of shares shall comply with the regulations of Article 317-1 of the Company Act and Article 22 of Business Mergers And Acquisitions Act, and shall also record the following:
- A. Handling of breach of contract.
 - B. 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.
 - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date.
 - F. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) When there is change in the number of companies participating in merger, demerger, acquisition or transfer of share: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to 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; except where 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 on 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 and shall handle it according to subparagraph (1), (2), (5), (7), (8), and (9) of paragraph 2 of this Article.

- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. 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.
 - B. 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.
 - C. 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.
- (8) When participating in a merger, demerger, acquisition, or transfer of a company with shares listed on an exchange or traded on an OTC market, the Company shall, within two days counting inclusively from the date of passage of a resolution by the board of directors, report and in the prescribed format and via the internet-based information system, the information set out in subparagraph 1 and 2 of the preceding paragraph to the FSC for recordation.
- (9) 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 so listed or traded on an OTC market shall sign an agreement with such company, whereby the latter is required to abide by the provisions of subparagraph 7 and 8 of paragraph 2 of this Article.

Article 16 : Procedures for public disclosure of information

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, 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 procedures adopted by the company.
4. Where the assets that are acquired or disposed of are the equipment or right-of-use assets thereof for business use, and furthermore the transaction counterparty is not a

related party, and the transaction amount meets any of the following criteria:

- (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. 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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
- (1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
 - (2) 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 according to the Article 8. "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 these Regulations need not be counted toward the transaction amount.
7. Announcement and reporting procedures
- (1) The Company shall publicly announce and report relevant information on the FSC 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 the company and any subsidiaries that are not domestic companies and enter the information in the prescribed format into the information reporting website designated by the 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) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
 - (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported according to the provision of this Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:

- A. Change, termination, or rescission of a contract signed in regard to the original transaction.
- B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- C. Change to the originally publicly announced and reported information.

Article 17 : Subsidiaries of the Company shall handle matters according to the following requirements;

1. The subsidiary of the Company shall establish and execute its “Procedures for Acquisition and Disposal of Assets” according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
2. For a subsidiary of the Company, its acquisition or disposal of assets shall be handled according to the “Procedures for Acquisition and Disposal of Asset” of such subsidiary.
3. Where a subsidiary is not a public company, when its acquisition or disposal of assets reaches the announcement and report standards under these Procedures, the Company shall handle the announcement and report thereof.
4. The paid-in capital or total assets of the Company shall be the standard applicable to relevant requirements which are “reach 20% of the paid-in capital” or “10% of the total assets” described in the announcement and report standard of a subsidiary.

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of the subsidiary which is not a public company and whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20% of paid-in capital under the “Procedures Governing the Acquisition or Disposal of Assets”, 10% of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 18 : Penalty

Where an employee of the Company handling acquisition or disposal of assets violates the regulations of these Procedures, it shall be reported for evaluation periodically according to the Personnel Management Regulations and the Employee Handbook of the Company in order to impose penalties according to the severity of such violation.

Article 19 : Implementation and amendment

The “Procedures for Acquisition and Disposal of Assets” of the Company shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for resolution, followed by submitting to the shareholders’ meeting for approval before implementation. The same requirements shall be applied to amendments thereof. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee.

When these procedures are submitted for discussion by the Board of Directors, 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.

In case where the consents of more than one-half of all members of the audit committee cannot be obtained in the preceding subparagraph, then the consents of more than two-thirds of all directors shall be obtained, and the meeting minutes of the Board of Directors' meeting shall be recorded with the resolution of the Audit Committee. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 20 : These procedures shall be approved at the shareholders' meeting before implementation and the same requirements shall be applied to amendments thereof. In case of any matters not specified in these Procedures, such matters shall be handled according to relevant laws.

These procedures were established on June 30, 2003.

The first amendment was made on June 29, 2007.

The second amendment was made on February 22, 2008.

The third amendment was made on May 24, 2012.

The fourth amendment was made on June 24, 2013.

The fifth amendment was made on June 18, 2014.

The sixth amendment was made on December 19, 2014.

The seventh amendment was made on June 16, 2017.

The eighth amendment was made on June 19, 2018.

The ninth amendment was made on July 5, 2021.

The tenth amendment was made on June 27, 2022.

**ARBOR Technology Corporation
Operational Procedures for Loaning Funds to Other Parties**

I. Subject

These procedures are established for the Company to have an operational procedure to follow when loaning funds to other parties.

II. Content

Article 1 : Borrower

1. Companies or firm businesses having a business relationship with the Company.
2. Companies or firm businesses in need of funds for a short-term period. For the purpose of the Procedures, "short-term period" shall mean one year or one operating cycle (whichever is longer).

Article 2 : The necessity and reasons for extending loans to others.

In the event the Company loans funds to the companies or firm businesses which have a business relationship with the Company, it shall be operated pursuant to paragraph 2 of Article 3. In the event the Company loans funds to the companies or firm businesses which are in need of funds for a short-term period, the borrowers shall be limited to the companies in which the Company holds more than 50% of the shares and are in need of funds for a short-term period due to the business need.

Article 3 : The aggregate amount of loans and the maximum amount permitted to a single borrower

1. The total loaning amount of funds shall not exceed 40% of the net worth of the Company.
The term aforementioned "loaning amount of funds" means the cumulative balance of the public company's short-term financing.
2. Where funds are loaned for business relationship, the total lending amount shall not exceed 40% of the net worth of the Company. The total loaning amount shall not exceed the total transaction amount between the parties and the Company and each affiliated company of the group. The so-called "total transaction amount" shall mean the predictable amount of sales and procurement (whichever is higher) in the current fiscal year or an upcoming year.
3. Where short-term financing is needed, the lending amount per entity shall not exceed 10% of the net worth.
4. For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, or fund-lending to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit stated in subparagraph 1 of paragraph 1 and shall not exceed the 40% of the net worth of the Company. The duration shall be subject to

Article 5.

The Company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the requirements of Article 9, paragraph 2, the restriction in paragraph 1, subparagraph 2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100 percent of its net worth. A public company that engages in short-term financing under Article 3, paragraph 5, in addition to complying with the preceding paragraph, furthermore shall perform enhanced risk assessment for, respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group, and shall prescribe limits on the amounts that may be loaned in such financing.

When a responsible person of the Company violates paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.

Article 4 : Operational procedures of loaning funds

1. Credit assessment

The borrower shall submit the application in written form for the funds to the Company with the corporate and financial documents.

After accepting the application, the financial department shall do the adjustment and evaluation and issue the report with consideration of the operating business, financial situation, solvency and credit, profitability and purpose of loaning of the borrowers.

The financial department shall process the detailed assessment and examination on borrowers. The examination items shall at least include:

- (1) The necessity of and reasonableness of extending loans to others.
- (2) Borrower credit status and risk assessment.
- (3) Impact on the company's business operations, financial condition, and shareholders' equity.
- (4) Whether collateral must be obtained and appraisal of the value thereof.

2. Security

When the Company operates the loaning funds, except the subsidiaries in which the Company holds more than 50% of the shares, the same kinds of guaranteed promissory notes shall be obtained and the chattel or real estate mortgage registration of shall be made when necessary. For the warranted obligation claim in the preceding paragraph, if the debtors provide considerable financial capability and credit instead of the collateral as the guarantee for the personnel or company, the Board of Directors shall operate the lending with the reference of the credit investigation report issued by the financial department. If the debtors use the companies as the guarantee, the Company shall pay attention to whether the companies' Article of Incorporation has stipulated articles that the

companies can be applied as a guarantee.

3. Limits of authority

When operating the loaning funds, after the financial department processes the credit assessment, the Company shall only implement the funds loaning after approved by the chairman and resolved by the Board of Directors and no other party may be authorized to decide on the matter.

Any proposed loan between the Company and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit. However, the authorized amount shall not exceed 10% of the net worth on the most current financial statements of the lending company.

4. The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated according to the regulations.
5. The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found and the punishment shall be made to the managers and responsible officers in accordance to the extend of violation.
6. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan to enhance the corporate internal control.

Article 5 : Duration of loans and calculation of interest

Each fund loaning shall be effective for one year. In the case of special circumstances, the duration may be adjusted upon approval of the Board of Directors.

The interest rate of the loaning fund shall not be lower than the highest interest rate of the short-term loan borrowed from the financial institutions by the Company; the chairman is authorized to determine the calculation of interest.

Article 6 : Regarding the follow-up measures for controlling and managing loans already made

and procedures for handling delinquent creditor's rights The Company shall always pay attention to the situation of financial, business, relevant credit of the borrowers and guarantors, and so on. If the borrowers provide the collateral, the Company shall pay attention to any change in the value of the collateral as well. In the event there is any significant change, the chairman shall be informed accordingly and the Company shall take the appropriate measurement according to the instruction.

When the borrowers repay the loan on or before the loan is due, the Company shall only revoke the promissory note and so on and return it to the borrowers or do the lien cancellation after the payable interest is calculated and repaid with the principal.

The borrowers shall repay the principal immediately once the loan is due. If the repayment cannot be made on time and needs a postponement, the postponement request shall be submitted in advance and approved after the resolution of the Board of Directors. Each deferred repayment shall not exceed 6 months and shall be limited to once. The Company may dispose of and make the reimbursement by the collateral or guarantors if provided.

Article 7 : Announcement and reporting procedures

1. The financial department shall monthly submit the previous month's loan balances of the Company and subsidiaries to the accounting department, announce them together with the turnover within the regulated duration, and announce and report to the Securities and Futures Institute by the 10th day of each month.
2. Except the Company shall monthly report and announce the loan balance, the Company and its subsidiaries whose loans of funds reach one of the following levels shall announce and report such event and enter it to Market Observation Post System within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of loaning funds by the Company and its subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loaning funds by the Company and its subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loaning funds made by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the public company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to each subparagraph of the preceding

paragraph.

The ratio of the loaning funds of the subsidiaries to the net worth in the preceding paragraph shall be calculated based on the ratio of the loading funds of the subsidiaries to the Company's net worth.

"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.

III. Other matters

Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and it shall comply with the Procedures when loaning funds.

The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures to issue the audit report.

IV. Effectiveness and amendment

These procedures shall require the approval of one-half or more of all audit committee members, be submitted for a resolution by the Board of Directors, and be effective after being submitted to and agreed by the shareholders' meeting according to the relevant regulations. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall then submit the dissenting opinions of directors to the audit committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the procedures.

These procedures were established on June 30, 2003.

The 1st amendment was made on June 24, 2013.

The 2nd amendment was made on June 19, 2018.

The 3rd amendment was made on June 19, 2019.

The 4th amendment was made on July 5, 2021.

Where the position of independent director has been created, the 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.

The Company without the intention of loaning funds to others may, after passage by the board of directors, be relieved from the obligation of formulating the Operational Procedures for Loaning Funds to Others. If such a company subsequently intends to loan funds to others, it shall still comply with the preceding two paragraphs.

If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more 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" in paragraph 5 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

- V. These procedures shall be effective after approved by the shareholders' meeting. The same shall apply to any amendments to the procedures.

ARBOR Technology Corporation

Articles of Incorporation of ARBOR Technology Corporation

Chapter 1 General Provisions

Article 1 : The Corporation shall be incorporated under the Company Act of the Republic of China, and its Chinese name shall be “磐儀科技股份有限公司” .

Article 2 : The scope of business of the Corporation shall be as follows:

CC01080	Electronic Parts and Components Manufacturing
CC01110	Computer and Peripheral Equipment Manufacturing
CC01990	Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
CE01010	Precision Instruments Manufacturing
CF01011	Medical Materials and Equipment Manufacturing
E605010	Computer Equipment Installation
EZ05010	Instrument and Meters Installation Engineering
F108031	Wholesale of Drugs, Medical Goods
F113010	Wholesale of Machinery
F113050	Wholesale of Computers and Clerical Machinery Equipment
F113070	Wholesale of Telecommunication Apparatus
F113990	Wholesale of Other Machinery and Tools
F118010	Wholesale of Computer Software
F119010	Wholesale of Electronic Materials
F208031	Retail sale of Medical Equipments
F213030	Retail Sale of Computers and Clerical Machinery Equipment
F213060	Retail Sale of Telecommunication Apparatus
F213990	Retail Sale of Other Machinery and Equipment
F218010	Retail Sale of Computer Software
F219010	Retail Sale of Electronic Materials
F401010	International Trade
I301010	Software Design Services
I301020	Data Processing Services
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Corporation shall have its head office in New Taipei City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 4 : Public announcements of the Corporation shall be made according to Article 28 of the Company Act.

Article 4-1 : When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies is exempt from the restriction of 40% of the amount of its own paid-up capital.

Article 4-2 : When the Company makes the endorsement/guarantee to other companies due to the business or investment relationship, the relevant procedure shall comply with “Procedure for Endorsement and Guarantee”

Chapter 2 Capital Stock

- Article 5 : The total capital stock of the Corporation shall be in the amount of 15 billion New Taiwan Dollars, divided into 150 million shares, at 10 New Taiwan Dollars each, to be fully issued. Among them, 2 million shares which is at a total of 20 million New Taiwan Dollars are reserved for issuing employee stock options. The shares may be issued in installments, and the shares which have not been issued would be authorized by the Board of Directors to issue in installments.
- Article 6 : Qualification requirements of employees, entitled to be issued new share subscription, issued share subscription warrant, restricted stock, and treasury stock bought back for transfer to the employee by the Company, include the employees of the parent and oversea and domestic subordinate companies of the Company meeting certain specific requirements
- Article 7 : Share certificates of the Corporation shall be in registered form, signed or sealed by the director representing the Corporation, and issued after the authentication of the bank which is competent to serve as attesters for the issuance of share certificates under the laws.
The issued shares may be exempted from printing any share certificate, provided that such issuance shall be duly registered or kept with the securities depository and clearing agent.
- Article 8 : The entries in the shareholders' roster shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.
- Article 8-1 : To issue employee stock warrants that are not subject to the exercise price restriction set out in Article 53 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the Company is required to 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. The Company is allowed to register multiple issues over a period of 1 year from the date of the shareholder's resolution
- Article 8-2 : Deleted.

Chapter 3 Shareholders' Meeting

- Article 9 : Shareholders meetings of the Corporation are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.
- Article 9-1 : All shareholders shall receive notice with the date, location and purpose for convening any such meeting at least 30 days in advance the regular meetings; and at least 15 days in advance the special meetings. The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The notice mentioned in the preceding paragraph to be given by the Company to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.
- Article 9-2 : Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the Company a proposal in writing for discussion at a regular shareholders' meeting. The procedure shall comply with Article 172-1 of the Company Act.

- Article 9-3 : The shareholders' meeting can be held by means of a visual communication network or other methods promulgated by the central competent authority.
For the shareholders' meeting held by a visual communication network, the Company shall be subject to prescriptions provided for by the securities competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.
- Article 10 : When a shareholder for any reason cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The proxy for attending the shareholders' meeting shall be handled in accordance with Article 177 of the Company Act.
- Article 10-1 : For a shareholders' meeting convened by the Board of Directors, the chairman of the Board of Directors shall be appointed as the chairman of the meeting. In case the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors. Where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 11 : A shareholder shall have one voting power in respect of each share in his/her/its possession except in the circumstances of no or limited voting power provided for in Article 179 of the Company Act
- Article 12 : The resolution of the proposals in the shareholders' meeting shall be determined by a majority of the shareholders present who represent more than half of the total number of its outstanding shares
According to the regulation of competent authority, the shareholders of the Company may exercise their voting power by way of electronic transmission as well. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person. The relevant matters shall follow the laws and regulations.
- Article 12-1 : The withdrawal of stock public offering of the Company shall be submitted to the shareholders' meeting for resolution before execution. This article shall not be changed when the stock is in the emerging stock market, over-the-counter market and stock exchange market.
- Article 12-2 : Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and executed according to Article 183 of the Company Act.

Chapter 4 Directors and Audit Committee

- Article 13 : The Company shall have 7 to 9 Directors and the term of office for Directors shall be 3 years. Directors shall be elected by adopting a candidates nomination system and from the candidate list of the directors by the shareholders' meeting. All Directors and Supervisor(s) shall be eligible for re-election. The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.
The Company's directors election adopts a cumulative voting system. The number of votes exercisable in respect of one share shall be the same as the number of directors to

be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. In the case of the necessity of revising the method, in addition to compliance with the regulations such as Article 172 of the Company Act, and so on, it shall be listed in the convening purposes and explained its main content.

Article 13-1 : The Company may have independent directors within the aforementioned number of directors and the number of independent directors shall be no less than one-fifth of the total number of directors and shall not be less than three. The independent directors shall be elected from the candidate list of independent directors by the shareholders' meeting. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination, election method and other compliance matters shall be handled in accordance with relevant regulations of the securities authorities. The shareholding percentage of all directors selected shall comply with the relevant regulations of the securities authorities.

Article 13-2 : The Company establishes the audit committee which is composed of the entire number of independent directors in accordance with Article 14-1 of the Securities and Exchange Act. The execution of duties and power of the audit committee or its members shall comply with the Company Act, Securities and Exchange Act, other relevant Acts, and corporate policies.

Article 14 : The Directors shall constitute the Board of Directors and shall elect one Chairman of the Board from among themselves by a majority at a meeting attended by at least two-thirds of the Directors and may also elect in the same manner a vice chairman of the board. The chairman shall externally represent the company. The Board of Directors may establish all kinds of functional committees.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

When the Company convenes the meeting of the Board of Directors, the meeting date, location, and purpose shall be notified via written letters, email or fax to every director at least 7 days before the meeting. In emergency circumstances, however, a meeting may be called on shorter notice.

Article 15 : In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a delegate shall be appointed in compliance with Article 208 of the Company Act. The directors shall personally attend the board meeting, and if the directors cannot attend the board meeting for certain reasons, he/she may appoint another director as his/her proxy each time with a power of attorney; provided that a director may act as the proxy for only one another director.

Article 16 : The Board of Directors is authorized to determine the salary for the Directors, regardless of the corporate profit or loss, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry.

Chapter 5 Managerial Officials

Article 17 : The Company may set the managerial officers. Appointment, discharge and remuneration of the managerial officers shall be in compliance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18 : The Board of Directors shall prepare the following statements at the end of each

accounting year and submit them to the shareholders' meeting for approval:

1. Business report
2. Financial statements
3. Proposal for the distribution of profit or appropriation of losses

Article 19 : When it is determined that the Company has profit for a fiscal year (the profit indicates the earnings before interest and tax deducts distributed remuneration of employees and directors), the Company shall appropriate 2% to 10% as the remuneration of employees and at most 5% as remuneration of directors. But, in the case that the Corporation still has retained losses, the Corporation should appropriate sufficient amount for making up the losses of the previous year

The remuneration of employees in the preceding paragraph may be paid in cash or in the form of shares and qualification requirements of employees, including the employees of the parent and subordinate companies of the Corporation meeting certain specific requirements shall be determined by the Board of Directors. The directors' remuneration may be paid in cash.

The preceding two paragraphs shall be resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and submitted to the shareholders' meeting.

Article 20 : When it is determined that the Company has net income for a fiscal year, the earnings shall first be appropriated to pay the tax, make up the losses of previous years and then provide 10% of the remaining earnings as the legal reserve, unless such legal reserve has amounted to the paid-in capital, and then set aside or reserve special reserve in accordance with the laws and regulations with accordance to the operational needs or regulations.

In case of surplus remained, no less than 10% of the remained surplus and prior to the accumulated undistributed earnings shall be allocated as the shareholder dividend and bonus. The distribution proposal shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution. Only the situation which the total of the distributable earnings does not reach NT\$2 per share can be exempt from the restriction of percentage in the preceding paragraph.

The Company may authorize the distributable dividends and bonuses, additional paid-in capital or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The regulation of the preceding paragraph that it shall be resolved by the shareholders' meeting shall not apply.

Article 20-1 : The dividend policy of the Company adopts a residual dividend approach. The Board of Directors shall propose the distribution proposal which not only considers the factors such as current and future investment circumstances, financing requirements, domestic and overseas competitive situation, budget, and so on but also takes the shareholders' interests, dividend balance, and the long term business plan according to the laws every year and submit it to the shareholders' meeting for resolution. The proportion of distributed cash dividend of each year shall not be less than 10% of the sum of cash and stock dividend of the current year.

Article 20-2 : For the prior accumulated net gain on fair value of investment property and prior accumulated other deductions from equity of the Company, the same amount of special reserve shall be allocated from the prior retained earnings. If it is still insufficient, the special reserve shall be allocated from the after-tax net income for the period and other

items adjusted to the current period's undistributed earnings.

Chapter 7 Supplementary Provisions

Article 21 : In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 22 : Deleted.

Article 22-1 : Deleted.

Article 23 : Deleted.

Article 23-1 : Deleted.

Article 24 : These Articles of Incorporation are agreed to and signed on September 22, 1993.

The first amendment was made on October 2, 1993.

The second amendment was made on May 10, 1994.

The third amendment was made on January 25, 1995.

The fourth amendment was made on November 29, 1995.

The fifth amendment was made on September 15, 1998.

The sixth amendment was made on October 15, 1998.

The seventh amendment was made on July 1, 1999.

The eighth amendment was made on September 18, 2000.

The ninth amendment was made on November 13, 2000.

The tenth amendment was made on February 27, 2001.

The eleventh amendment was made on June 20, 2001.

The twelfth amendment was made on March 8, 2002.

The thirteenth amendment was made on March 8, 2002.

The fourteenth amendment was made on June 18, 2002.

The fifteenth amendment was made on June 18, 2002.

The sixteenth amendment was made on June 30, 2004.

The seventeenth amendment was made on June 30, 2006.

The eighteenth amendment was made on June 29, 2007.

The nineteenth amendment was made on February 22, 2008.

The twentieth amendment was made on June 27, 2008.

The twenty-first amendment was made on June 26, 2009.

The twenty-second amendment was made on October 30, 2009.

The twenty-third amendment was made on June 9, 2010.

The twenty-fourth amendment was made on May 19, 2011.

The twenty-fifth amendment was made on May 24, 2012.

The twenty-sixth amendment was made on June 18, 2014.

The twenty-seventh amendment was made on May 6, 2015.

The twenty-eighth amendment was made on June 29, 2016.

The twenty-ninth amendment was made on June 16, 2017.

The thirtieth amendment was made on June 19, 2018.

The thirty-first amendment was made on June 19, 2019.

The thirty-second amendment was made on July 5, 2021.

The thirty-third amendment was made on June 27, 2022.

ARBOR Technology Corporation Chairman:
Ming, Lee

ARBOR Technology Corporation
Rules and Procedures of Shareholders' Meeting

1. To establish a strong governance system and sound supervisory capabilities for this Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.
 - (1) Changes to how this Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.
 - (2) The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting.

In addition, before 15 days before the date of the shareholders' meeting, this Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby.
 - (3) The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:
 - A. For physical shareholders' meetings, to be distributed on-site at the meeting.
 - B. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 - C. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.
 - (4) The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in the electronic form.
 - (5) To convene a virtual shareholders' meeting, this Company shall include the following particulars in the shareholders' meeting notice:
 - A. How shareholders attend the virtual meeting and exercise their rights.
 - B. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - i. To what time the meeting is postponed or from what time the meeting will

- resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
- ii. Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - iii. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders, solicitors and proxies present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - iv. Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
- C. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.
- (6) Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.
 - (7) Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
 - (8) Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

- (9) Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholder's meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
 - (10) Proxy
 - A. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.
 - B. A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.
 - C. After the service of the power of attorney of a proxy to the company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.
 - (11) Shareholders' meeting held by means of visual communication network:
 - A. For the shareholders who have already appointed the proxy to attend the shareholders' meeting, if the proxy cancellation notice is not submitted or after that time, the voting power exercised by the authorized proxy at the meeting shall prevail and the shareholders shall not attend the shareholders' meeting.
 - B. For the shareholders who appoint the proxy to attend the shareholders' meeting, if, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
 - C. In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. When the Company will convene a hybrid shareholders' meeting, if a shareholder, proxy solicitor, or proxy agent who has registered to take part in the meeting by video conferencing intends to attend the physical shareholders' meeting in person, they shall, by 2 days prior to the scheduled date of the shareholders' meeting and in the same manner previously used to register, rescind the registration. In the absence of a timely rescission, they may take part in the shareholders' meeting only by means of video conferencing.
 - D. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, 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, before two business 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.
3. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily

- accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
4. Documentation by audio or video
 - (1) The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
 - (2) When the Company will convene a shareholders' meeting with video conferencing, it shall keep and preserve records of information on matters including shareholder registration, registration for participation in video conferencing, sign-in, raising of questions, voting, and the results of the votes counted by the company, and continuously audio and video record, without interruption, the proceedings of the video conference from beginning to end.

The information and audio and video recording under the preceding paragraph shall be properly kept by the company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the entity engaged to handle video conferencing matters.
 5. The Company shall furnish the attending shareholders or proxy with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, 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 virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholder's meeting in person.

Shareholders or proxy shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish 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 or supervisors, pre-printed ballots shall also be furnished.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
 6. Voting at a shareholders' meeting shall be calculated based the number of shares. With respect to 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, that 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 three percent 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.

7. Attendance at shareholders' meeting

- (1) 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 and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- (2) The Company convenes a shareholder's meeting with video conferencing:
 - A. The company or its shareholder services agent shall duly compile a statistical statement of the number of shares obtained by the proxy solicitor through solicitation, the number of shares represented by proxy agents, and the number of shares represented by shareholders attending the meeting in person or by electronic means, and shall disclose the statement on the video conferencing platform before the convening of the shareholders' meeting.
 - B. When the Company convenes a shareholders' meeting with video conferencing, when the meeting is called to order, the total number of shares represented by shareholders attending the meeting shall be disclosed on the video conferencing platform. The same shall apply whenever a new tally of the total number of shares represented at the meeting and the number of voting rights thereof is made during the meeting.
 - C. When a shareholders' meeting of the company is called to order, a voting function shall simultaneously be provided for shareholders, proxy solicitors, or proxy agents taking part by video conferencing, and notice shall be given of the following matters:
 - i. Those taking part by video conferencing shall cast votes on proposals and elections through the video conferencing platform, and shall complete the casting of their votes before the chair announces the close of voting, or will be deemed to have abstained from voting.
 - ii. Votes shall be counted at once after the chair announces the close of voting, and the results of votes and elections shall be announced immediately.
 - iii. Questions on individual proposals may be raised by inputting them through the video conferencing platform. A participant may not raise more than two questions on any single proposal, and each question raised may not exceed 200 words.
 - D. When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location within the country.
 - E. Only after a shareholder, proxy solicitor, or proxy agent that has registered with the company to take part by means of videoconferencing has logged into the video conferencing platform and completed sign-in may the shares they represent be counted in the total number of shares and the number of voting rights of the shareholders in attendance at the shareholders' meeting. Unless otherwise provided by "Regulations Governing the Administration of Shareholder Services of Public Companies" or the "Company Act", they then may watch the direct broadcast of the shareholders' meeting, raise questions, vote, and submit extemporaneous proposals or propose amendments to the contents of the original proposals.
 - F. When shareholders exercise voting rights by correspondence or electronic means,

unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

- (3) The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. 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. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.
 - (4) 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. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to this Company in accordance with Article 6.
 - (5) When, prior to the 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.
8. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). 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 attending shareholders shall elect a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
9. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or

director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. If there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders' meetings convened by the Board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, the convener of the audit committee, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

10. Before speaking, an attending shareholder must specify on a speaker's slip his/her shareholder account number or attendance card number, account name and the subject of the speech. 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.
11. The discussion of proposals shall proceed in the order set by the agenda. The chair shall stop any violation.
12. 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.
13. When the chair at a board meeting 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 a vote.
14. Except in the circumstances of restriction or no voting power provided in paragraph 2 of Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.
15. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. 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.
16. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
17. 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 of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
When the Company convenes a shareholders' meeting with video conferencing, after the procedures for the tallying of votes have been completed for each proposal and election, the results of the voting and the names of those who have been elected, and the names of those who have not been elected, as directors and supervisors (including the numbers of votes cast on the proposals and in the elections), and shall record them in the meeting minutes and immediately upload them to the video conferencing platform.
18. 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.
19. 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 five days in accordance with Article 182 of the Company Act.
 20. When the Company holds a shareholder' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. 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, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting, 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 before two 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.
 21. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, 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, before two business 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.
 22. Passage of the proposal
 - (1) Except as otherwise provided in the Company Act and in the Company's articles of incorporation, 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, for each proposal, 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 MOPS.
 - (2) When the Company convenes a shareholders' meeting with video conferencing, when a shareholder, proxy solicitor, or proxy agent, through the video conferencing platform, before the chair announces the close of voting, casts a vote on any proposal and casts a vote on any election, their declaration of intention shall be deemed to have been served on the company. If no declaration of intention is made, it shall be deemed a waiver of the voting right.
 - (3) When a shareholder, proxy solicitor, or proxy agent, through the video conferencing platform, before the chair announces the close of voting, amends their declaration of intention with respect to a vote they have already cast, they shall be deemed to have rescinded the previous declaration of intention, and the amended declaration of intention shall prevail.

23. 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 votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.
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, the ballots shall be retained until the conclusion of the litigation.
24. Meeting minutes
- (1) Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes with compliance to Article 183 of the Company Act.
 - (2) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Company.
 - (3) Where a virtual shareholders' meeting is convened by the Company, in addition to the particulars to be included in the meeting minutes as described in paragraph 4 of Article 183 of the Company Act, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.
25. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
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, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
26. In regard to all matters not provided for in these Rules and Procedures of Shareholders' Meeting, the Company Act shall govern.
27. These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.
These Rules and Procedures of Shareholders' Meeting are agreed to and signed on June 30, 2004.
The first amendment was made on May 24, 2012.
The second amendment was made on June 24, 2013.
The third amendment was made on June 18, 2015.
The fourth amendment was made on June 16, 2017.
The fifth amendment was made on June 15, 2020.
The sixth amendment was made on July 5, 2021.
The seventh amendment was made on June 27, 2022.

Arbor Technology Corporation

Regulation Governing the Election of Directors

- Article 1 Except as otherwise provided by the Company Act, Securities and Exchange Act and Articles of Incorporation, the election of the directors of the Company shall comply with the Regulation Governing the Election of Directors (the “Rules”).
- Article 2 The election of directors adopts “nomination system” and the shareholders shall elect from the list of director candidate published by the Company.
The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates. A candidate to whom the ballots cast representing the highest number of votes shall be deemed an elected director. In case there is a necessity of amendment made to this regulation, in addition to the compliance of the regulation such as Article 172 of the Company Act, and the main content of the revision shall be listed and explained in the notice of the meeting.
- Article 3 The Company’s directors shall be elected by shareholder’s meeting via persons with legal capacity. The number of independent directors and non-independent directors of the Company to be elected shall be calculated in accordance with the number specified in the Company’s Articles of Incorporation. A candidate to whom the ballots cast representing the highest number of votes shall be deemed an elected director. If two or more candidates receive the same number of votes, which consequently exceeds the number of directors to be elected, such candidates shall draw lots to decide the winner. If such candidate(s) is(/are) not present, the chairman shall draw lots on behalf of the candidate(s).
The election of independent directors shall adopt the nomination system provided by Article 192-1 of the Company Act.
- Article 4 The ballot shall be prepared by the Board of Directors with the voting rights indicated according to the attendance number.
Since 2017, the shareholders shall exercise their voting rights electronically, and the procedures for exercising such rights shall be handled by the Company Act and the relevant regulatory authorities.
- Article 5 Before the beginning of the election, the Chairman shall designate a number of scrutineers and tellers who are also the shareholders to supervise the casting of the ballots and to count the ballots, each of which shall then respectively perform their relevant functions accordingly.
- Article 6 Deleted.
- Article 7 Deleted.
- Article 8 Deleted.
- Article 9 A ballot is deemed void if any of the following circumstances occurs :
- (1) Any ballot cast in violation of the Rules
 - (2) Any blank ballot.
 - (3) Any ballot with illegible writing rendering it unrecognizable.
 - (4) The nominee's name and identification number do not match those in the shareholder registry if the nominee is a shareholder, or the nominee's name and identification number do not match the name and ID number of identification document if the nominee is not a shareholder.

- (5) Writing any other text in addition to filling in the name and shareholder account number or ID number and allocated voting rights is not allowed.
- (6) If the name of the candidate is the same as that of another shareholder, the shareholder's account number or ID number is not provided for identification purposes.
- (7) Any ballot that is cast with the names of two or more candidates.
- (8) The used voting rights exceeding the number of voting rights indicated on the ballot.
- (9) Any of the following items that have been altered without a stamp seal applied: the name of the nominee filled, shareholder's account number, ID number, or voting rights.
- (10) The ballot casted into the ballot box before the Chairman of Shareholder's Meeting announces the start of voting.

Article 10 After the voting is completed, the scrutineers and tellers will open the ballot box simultaneously and count the votes on the spot.

Article 11 The vote counting shall be supervised by the scrutineers.

Article 12 In case there is any doubt about the ballots, the scrutineer shall first confirm whether they are invalid. Invalid ballots shall be placed separately, with the number of votes and voting rights clearly stated, and marked as invalid by the scrutineer's signature and seal.

Article 13 After the scrutineer verifies the total number of valid and invalid votes is correct, he/ she shall records the number of valid and invalid votes and their respective voting rights in the record table. The chairman then announces the name of the elected candidates and their shareholder account number or ID number in the meeting.

Article 14 The Board of Directors shall issue the elected notification letter to the newly elected director.

Article 15 These procedures shall be approved at the shareholders' meeting before implementation and the same requirements shall be applied to amendments thereof.

These procedures were established on June 18, 2002.

The first amendment was made on June 30, 2004.

The second amendment was made on June 09, 2010.

The third amendment was made on July 05, 2021.

Arbor Technology Corporation
Shareholdings of All Directors

The numbers of shares held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date (June 29, 2023) for that Shareholders' Meeting are as below :

Title	Name	Number of shares
Chairman	Eric Lee	4,075,173
Director	Clark Lien	1,122,322
Director	Wistron Corporation: Legal Representative: Robert Lin	4,678,586
Director	ENNOCONN INTERNATIONAL INVESTMENT CO., LTD.: Legal Representative: Neng-Chi Tsai	16,000,000
Independent Director	Ming De, Wang	0
Independent Director	Chuang-Chien Chiu	0
Independent Director	Ya-Chun Lin	0
Total		25,876,081

Note : 1. The paid-in capital of the Company is NT\$954,393,580 and the issued share is 95,439,358 shares.

2. According to the Article 26 of Securities and Exchange Act, all directors shall hold a minimum of 7,635,149 shares.

3. The actual shares held by all directors : 25, 876, 081 shares which has been handled by the Article 26 of Securities and Exchange Act and Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

4. According to provision of Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 80 percent.