



Ticker : 3594

# Arbor Technology Corporation

## 2024 Annual Shareholders' Meeting Meeting Agenda

Date: June 27, 2024

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 2024 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**  
**2024 Agenda of Annual Meeting of Shareholders**

Time : 9:00a.m. on Thursday, June 27, 2024

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. 2023 Business Report.
2. 2023 Annual Audit Committee's Review Report.
3. 2023 Earning Distribution Status of Employees and Directors' Remuneration.
4. 2023 Earning Distribution Status of Cash Dividend.
5. 2023 Implementation Status of the Private Placement of Common Stock.

IV. Proposed Resolutions

1. 2023 Business Report and Financial Statements.
2. 2023 Profit Distribution.

V. Discussion Matters

1. The Company proposes to handle a new shares issuance of private placement cash capital increase to introduce strategic investors.
2. Proposal of Amendment of "Articles of Incorporation".

VI. Election Matters

1. Election of Directors, including Independent Directors.

VII. Other Matters

1. Discussion of the release of the prohibition on newly-elected directors and their corporate representatives from participation in competitive business.

VIII. Questions and Motions

IV. Adjournment

## Management Presentation

1. 2023 Business Report.  
Explanation : Please refer to page 10 of Attachment 1 of the agenda.
2. 2023 Annual Audit Committee's Review Report.  
Explanation: Please refer to page 38 of Attachments 2 of the agenda. °
3. 2023 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 15, 2024, the Board of Directors resolved the distribution of employee compensation in the amount of NT\$ 4,000,000, at a rate of 2.57%, and of director compensation in the amount of NT\$ 1,000,000, at a rate of 0.64%, both to be paid in cash.
4. 2023 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 15, 2024, the Board of Directors approved the allocation of a cash dividend of NT\$ 56,861,615 as shareholders dividend, at a distribution rate of NT\$ 0.6 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. 2023 Implementation Status of the Private Placement of Common Stock.  
Explanation : The Company's shareholder' meeting on June 27, 2023 approved the issuance of ordinary shares through a private placement, and it is planned to issue no more than 20,000 thousand ordinary shares, and the private placement of securities may be conducted in two installments within one year from the date of the resolution adopted by the shareholders' meeting. The above private placement of ordinary shares has not been conducted so far, As the Company will not to continue to conduct the private placement during the remaining period, the Company has passed the resolution of the Board of Directors on March 15, 2024, and will not continue to proceed the private placement °

## **Proposed Resolutions**

1. (Proposed by the Board of Directors)

Proposal : 2023 Business Report and Financial Statements

Explanation : 1. The 2023 Business Report and Financial Statements have been resolved by the Board of Directors and audited by the Audit Committee.  
2. For 2023 Business Report, independent auditor's report and the preceding financial statements, please refer to page 10-37 of the Attachment 1 of the agenda.  
3. Please adopt.

Resolution :

2. (Proposed by the Board of Directors)

Proposal : 2023 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 39 of Attachment 3 of the agenda.  
2. Please adopt.

Resolution :

## Discussion Matters

1. (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: To enhance operating capital.

C. Expected benefits:

C. Expected benefits:			
Tranche s	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.
Secon dtime	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.
  9. Please discuss.

Resolution :

2. (Proposed by the Board of Directors)

Proposal : Amendment of “ Articles of Incorporation”

Explanation : 1. In response to the Company's operational needs, it is proposed to amend the “Articles of Incorporation.” , please refer to page 40 of the Attachment 4 of the agenda.

2. Please discuss.

Resolution :

## Election Matters

(proposed by the Board of Directors)

Proposal : Re- election of Directors

Explanation : 1. As the term of the current (15<sup>th</sup>) directors will expire on July 4, 2024.

Therefore, the election of the 16<sup>th</sup> BOD is scheduled to take place during the 2024 Annual General Shareholders' meeting.

2. According to Article 13 and the Article 13-1 of the Articles of Incorporation of the Company, the Shareholders' Meeting plans to elect 8 directors (including 4 independent directors), the selection of directors adopts a candidate nomination system, and the directors are elected from the list of candidates by the Shareholders' Meeting.

3. The term of new directors shall be from the date of appointment within a term of 3 years and will expire on June 26, 2027

4. The election is conducted in light of "Regulation Governing the Election of Directors".

5. The list of director candidates has been approved by the Board of Directors on May 13, 2024, and the relevant information is as follows.

Title	Name of candidate	Educational background	Experience	Current position	Shares held
Director	Eric Lee	Master of Department of Electrical Engineering, University of Memphis, USA	Supervisor of R&D of ITRI	President and CEO of ARBOR Technology Co., Ltd. President and General Manager of Amobile Intelligent Corp. Ltd. Taiwan Branch. President and General Manager of Amobile Solutions Corp. President and General Manager of Amobile(HK) Ltd. President and General Manager of Amobile Solutions (Xiamen) Co. Ltd. President and General Manager of Amobile Solutions (Shenzhen) Co., Ltd. President of Arbor Solution President of Arbor France S.A.S President of Arbor Korea Co.,Ltd President of Arbor UK Director of Guiding Technology Ltd. Director of Flourish Technology Co., Ltd Director of Excellent Top International Development LTD. Director of Best Vintage Global LTD Director of Perfect Stream LTD.	4, 105, 173
Director	Clark Lien	Leeds University Business School MBA	Taiwan Mobile Direct Sales SunTen Pharmaceutical Special Assistant	General Manager(GM) of Arbor Technology Corp., Representative and GM of Arbor Technology (Shenzhen) Co., Ltd, Representative and GM of Arbor China Technology Co. Representative of Arbor Beijing Technology Co.	1, 019, 322

Director	Ennoconn International Investment Co., Ltd. Legal Rep. : Neng-Chi Tsai	MBA of University on the West Coast of America	General Manager of Ennoconn	General Manager of Ennoconn President of American Industrial Systems Inc., President of Vecow Co., Ltd. Director of AIS Cayman Technology Group Director of Ennoconn International Investment Co., Ltd. Director of Caswell Inc., Director of Ennowell Director of Poslab Technology Corp. Director of Markettech International	16,000,000
Director	Wistron Corporation legal Rep. : Robert Lin	Master of Computer Science & Information Engineering National Taiwan University, Executive Program of National Chengchi University Business Administration	Wistron Corporation President of Client Products Business Group and Global Supply Chain Management	Wistron Corporation President of Client Products Business Group and Global Supply Chain Management	4,678,586
Independent Director	Ming De, Wang	Ph.D., Massachusetts Institute of Technology, Civil Engineering, US/ Master of Civil Engineering, New York Institute of Technology; Master of Civil Engineering, National Taiwan University	Chairman of Taoyuan International Airport Corporation Ltd., Vice Mayor of Taoyuan City Government.	Chairman of Transformative Cell Processing Co., Ltd. Independent director of Taiwan High Speed Rail Corporation	0
Independent Director	Chuang-Chien Chiu	Ph.D., Michigan State University	Dean, College of Information and Electrical Engineering, Feng Chia University Dean, Office of Academic Affairs, Feng Chia University Vice President	Dean of International School of Technology and Management, Feng Chia University, Chair Professor, Department of Automatic Control Engineering, Feng Chia University	0
Independent Director	Ya-Chun Lin	Master of Laws, Fu Jen Catholic University Admitted Solicitor of the Court of Taiwan since 1998	Lead lawyer, Meridian Attorneys-at-Law.	Lead lawyer, Meridian Attorneys-at-Law. Chief Arbitration Committee Member of Labor Disputes of New Taipei City Government. Member of the Labor Dispute Arbitration Committee of the New Taipei City Government. Sole arbitrator of labor disputes in New Taipei City Government. Member of the Labor Dispute Mediation Committee of the New Taipei City Government. Member of the 5th Arbitration Committee for Labor Disputes of Taipei City Government. Sole arbitrator of labor disputes at Taipei City Government.	0

Independent Director	Tai, Chein	Doctor in Genetics, University of California.	Kun Shan University: Dircetor Asia Pacific ESG Action Alliance: Chairman Chi Mei Medical Hospital Corp. : Dircetor Tainan City Meat Market: Dircetor Kun Shan University Department of Businesss Administration: Professor Tainan City Government: Deputy Mayor Taiwan Biotechnology Industry Alliance. : Chairman Sino-Indonesia Cultural and Economic Association: Chairman	Kun Shan University: Dircetor Asia Pacific ESG Action Alliance: Chairman Chi Mei Medical Hospital Corp. : Dircetor Tainan City Meat Market: Dircetor Kun Shan University Department of Businesss Administration: Professor	0
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Election result :

## **Other Matters**

1. (proposed by the Board of Directors)

1. Proposal : Release of the prohibition on directors from participation in competitive business.

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 directors' competition activities.
3. For job responsibilities concurrently held by the newly appointed directors, please refer to page 41 of Attachment 5 of the agenda.
4. Please discuss.

Resolution :

## **Questions and Motions**

## **Adjournment**

## Arbor Technology Corp. Business Report

Arbor Technology has entered its 31st year since its establishment in 1993. During these years, Arbor has undergone various challenges including global economy recession due to Covid 19, financial crisis, poor demand caused by inflation and interest rate hikes in 2023 and inventory adjustments by customers, nevertheless, Arbor has managed to defeat all challenges and stand strong upfront.

The development of the Industrial Internet of Things (IIoT) is accelerating, and IPC manufacturers are actively seizing future business opportunities. However, due to the characteristics of industrial fragmentation, under the trend of the Internet of Everything, it is difficult for all businesses to fully eat by relying on single fighting. Arbor has proposed the concept of “fast growth in the future”. Through cross-field alliances and cooperation, the most competitive strategic partners can lead in different application fields. Not only can they complement each other and create more opportunities than ever.

Driven by the increase in product value and the decrease in production costs, the Company has delivered a three-digit growth in the first half of 2023, and the synergies have shown. Although the shipment momentum has slowed down in the second half of the year, benefiting from the expansion of operating scale and the fermentation of alliance benefits, it is conducive to Gross Profit Margin to maintain a high level. The new year's profit is expected to be higher, and the innovative value of “Industrial communication, Telecommunication Industrialization” will be realized. We will surely create better products and brighter operating results, so as to meet the expectations of shareholders.

The results of operations for FY 2023 and business outlook for 2024 are reported as follows :

### I 、Operating results for FY 2023 :

#### 1. Implementation results of business plan for 2023 :

Arbor's revenue and gross profit for FY 2023 was NT\$1,671,427 and NT\$547,107 thousand respectively; Operating income was NT\$151,770 thousand, net income before tax was NT\$160,430 thousand, and net income after tax was NT\$124,338 thousand with EPS NT\$1.30.

#### 2. Research and Development status :

Arbor invested NT\$86,972 thousand in R&D in FY 2023, representing an increase of 3.20% over FY 2022 and accounting for 5.20% of operating revenue. The major R&D results in FY2023 are as follows :

1. Developed Intel Q670/H610 motherboard, supported Intel's 12th generation Gadget processor, which is used exclusively for AI machine vision equipment.
2. Developed Intel Whiskey Lake COM Express Compact Type 6 Module, for AI recognition system.
3. Designed with Intel Tiger Lake-UP3 platform, used in human-shaped robots.
4. Intel Elkhart Lake platform-designed Rugged Tablet, supports Wi-Fi 6' USB 3.0 and function Keys, for retail or warehousing vertical markets

5. Intel 13 th Raptor Lake S processor, the machine's wide temperature operation is fanless and streamlined IO design to support the standard PCIe\* 16/PCI/PCIe graphics card/IO shortcut card
6. Intel 12 th Alder Lake S AI fanless vehicle and railway controller, the highest support for Nvidia RTX-A2000 MXM GPU, and a variety of camera interfaces-POE/USB/10G/5G, E-Mark certification
7. Implementation of the ASLAN next-generation centricity upgrade programme, full-size upgrade to the Intel Tiger Lake platform Status of marketing and promotion.
3. Marketing and promotion status:  
With the easing of the epidemic in 2023, countries are lifting the lockdown. Arbor Technology participates in international indicator exhibitions to promote the company's products, including the latest industrial computers such as AI computing and edge computing, to enhance brand awareness, and the website traffic has increased significantly.
4. Budget implementation:  
The Company did not publish financial forecasts for 2023.
5. Financial income and expenditure and profitability analysis:

Currency:NTD thousands

	Item	2022	2023
<b>Financial performance</b>	Net sales	1,801,055	1,671,427
	Net profit before tax	177,351	160,430
<b>Profitability</b>	return on assets (%)	4.16	3.92
	Shareholder return on equity (%)	7.06	5.87
	Pre-tax income to paid-in capital (%)	18.58	16.81
	Net Profit Margin (%)	7.14	7.44
	Earnings per share (NTD\$)	1.51	1.30

## II 、2024 Business Outlook :

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. In 2024, Arbour will create more business opportunities by participating in ISE and SPS exhibitions in Europe, Modex, Nvidia GTC, Automate, Embedded in the United States,

Japan IT Week in Asia, and Computex in Taipei.

5. It is expected that about 120,000 board card products and about 75,000 system products will be shipped in 2024.

### **III 、Future Development Strategies   ：**

Continue to actively develop distributors to increase market share, and jointly develop products with strategic partners, centralize resources, and accelerate product development to grasp market business opportunities.

### **IV 、Impact of the Regulatory Environment and the Overall Business Environment   ：**

In recent years, Arbor has invested in the ESG field, providing products such as smart switchboards, smart water meters, and war room platforms, and cutting into carbon management and carbon inspection business opportunities to meet the global net-zero goal. In addition, due to global inflation and the continuous interest rate hikes by central banks in the past two years, the cost of raw materials and capital costs have also been affected, the Company is still conservative and prudent, in addition to adjusting the price strategy and taking into account the liquidity and safety of the operation as the premise, the most appropriate allocation of capital group cooperation to seek the maximum interests of shareholders.

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

(2024)Audited NO 23005399

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, 2023 and 2022, 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.

Based on our opinions, audit results, and other CPA reports (see Others), the accompanying consolidated financial statements present fairly, in all material respects, the accompanying consolidated financial position of the Group as of December 31, 2023 and 2022, 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, 2023. 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, 2023 is stated as follows:

## **Adequacy of export revenue recognition**

### Description

For information on accounting policy on sales revenue, please refer to Note 4(32) and Note 6(25) 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.

### Corresponding audit procedures:

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(2) 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 judgment 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.

Corresponding audit procedures:

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.

**Impairment assessment of receivables**

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(2) 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 judgment, and the amount of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

Corresponding audit procedures:

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 audited the parent company only financial statements of ARBOR Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion with other matter section and an unqualified opinion, respectively.

**Other matter - Reference to the audits of other accountants**

We did not audit the 2023 financial statements of certain investments accounted for under the equity method of the company. These investments were audited by other accountants. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the report of other accountants. As of December 31, 2023, the carrying amount of Investments accounted for using equity method was NT \$432,193 thousand, representing 12.25% of that of Total assets. From January 1, 2023 to December 31, 2023, the Company recognized NT \$(25,287) thousand in profit or loss of total, representing (22.22%) of that of total.

**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

Hsu, Ming-Chuan

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 15, 2024

ARBOR Technology Corporation and its Subsidiaries  
Consolidated Balance Sheets  
December 31, 2023 and 2022

Unit: NT \$thousands

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 650,519	18	\$ 487,302	13
1110	Current financial assets at fair value through profit or loss	VI (II) , VII	105,300	3	104,846	3
1136	Current financial assets at amortized cost	VI (I) (III), VIII	292,301	8	245,025	7
1150	Notes receivable, net	VI(IV)	13,511	1	2,718	-
1160	Notes receivable - related parties	VI(IV),VII	13,427	-	13,557	-
1170	Accounts receivable, net	VI (IV)	364,504	10	414,674	11
1180	Accounts receivable due from related parties, net	VI(IV) , VII	201,096	6	110,439	3
1210	Other receivables due from related parties	VII	144,154	4	162,481	4
130X	Inventories	VI (V)	515,105	14	693,144	19
1470	Other current assets	VI (VI) , VII	116,273	3	204,991	6
11XX	Total current assets		2,416,190	67	2,439,177	66
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	VI (VII)	12,660	-	11,268	-
1550	Investments accounted for using equity method	VI(VIII)	432,193	12	457,505	13
1600	Property, plant and equipment	VI(IX), VII,VIII	562,753	15	565,027	15
1755	Right-of-use asset	VI(X)	33,801	1	32,276	1
1760	Investment property, net	VI(XII),VIII	73,538	2	74,341	2
1780	Intangible assets	VI(XIII)	33,522	1	36,599	1
1840	Deferred tax assets	VI(XXXII)	23,894	1	20,282	1
1900	Other non-current assets	VI(XIV)				
		(XX) ,VIII	42,144	1	46,304	1
15XX	Total non-current assets		1,214,505	33	1,243,602	34
1XXX	Total Assets		\$ 3,630,695	100	\$ 3,682,779	100

(Continued)



ARBOR Technology Corporation and its Subsidiaries  
Consolidated Balance Sheets  
December 31, 2023 and 2022

Unit: NT \$thousands

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	VI(XV),VIII	\$ 646,500	18	\$ 559,082	15
2110	Short-term notes and bills payable	VI(XVI),VIII	72,000	2	72,000	2
2120	Current financial liabilities at fair value through profit or loss	VI(II)	-	-	1,709	-
2130	Liabilities-current	VI(XXV),VII	14,259	-	17,323	1
2150	Notes payable		-	-	231	-
2170	Accounts payable		88,500	2	197,181	5
2180	Accounts payable to related parties	VII	42,463	1	32,040	1
2200	Other payables	VI(XVII)	77,052	2	95,989	3
2220	Other payables to related parties	VII	3,325	-	5,763	-
2230	Income tax liabilities for the current period		26,954	1	8,847	-
2280	Liabilities-current	VI(X)	17,401	1	9,740	-
2320	Long-term liabilities, current portion	VI(XVIX),VIII	67,601	2	93,672	3
2399	Other current liabilities, others		3,396	-	1,017	-
21XX	Total current liabilities		1,059,451	29	1,094,594	30
Non-current liabilities						
2540	Long-term borrowings	VI(XVIX),VIII	404,336	11	471,806	13
2570	Deferred tax liabilities	VI(XXXII)	68	-	1,177	-
2580	Liabilities-Non-current	VI(X)	17,135	1	22,805	-
2600	Other non-current liabilities	VI(XX)	2,747	-	660	-
25XX	Total non-current liabilities		424,286	12	496,448	13
2XXX	Total Liabilities		1,483,737	41	1,591,042	43
Equity						
Equity attributable to owners of parent						
	Share capital	VI(XXII)				
3110	Ordinary share		954,394	26	954,394	26
	Capital surplus	VI(XVIII)(XXIII)				
3200	Capital surplus		808,946	22	805,341	22
	Retained earnings	VI(XXIV)				
3310	Legal reserve		97,476	3	84,049	2
3320	Special reserve		55,177	2	76,030	2
3350	Unappropriated retained earnings		305,217	9	257,410	7
	Other equity interest					
3400	Other equity interest		( 58,806)	( 2)	( 55,177)	( 1)
3500	Treasury shares	VI(XXII)	( 23,091)	( 1)	( 36,515)	( 1)
31XX	Total Equity Attributable to Owners of Parent		2,139,313	59	2,085,532	57
36XX	Non-controlling equity	IV(III)	7,645	-	6,205	-
3XXX	Total Equity		2,146,958	59	2,091,737	57
	Significant contingent liabilities and unrecognized contract commitments	IX XI				
3X2X	Total Liabilities and Equity		\$ 3,630,695	100	\$ 3,682,779	100

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling



ARBOR Technology Corporation and its Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands  
(Except for earnings per share in NT \$)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	VI(XXV),VII	\$ 1,671,427	100	\$ 1,801,055	100
5000 Operating costs	VI(V)(XIII)(XX X)(XXXI),VII	( 1,125,613)	( 67)	( 1,259,426)	( 70)
5900 Gross profit from operations		545,814	33	541,629	30
5910 Unrealized profit from sales		( 1,609)	-	( 2,902)	-
5920 Realized profit on from sales	VI(VIII)	2,902	-	270	-
5950 Gross profit from operations		547,107	33	538,997	30
Operating expenses	VI(XIII)(XXX)( XXXI)				
6100 Selling expenses		( 216,263)	( 13)	( 197,244)	( 11)
6200 Administrative expenses		( 86,420)	( 5)	( 90,589)	( 5)
6300 Research and development expenses		( 86,972)	( 5)	( 89,812)	( 5)
6450 Expected credit Impairment loss	VI(XXX),XII(II)	( 5,682)	( 1)	( 31,408)	( 2)
6000 Total operating expenses		( 395,337)	( 24)	( 409,053)	( 23)
6900 Operating gain		151,770	9	129,944	7
Non-operating income and expenses					
7100 Interest income	VI(XXVI)	24,627	1	2,531	-
7010 Other income	VI(XXVII),VII	14,369	1	9,336	1
7020 Other gains and losses	VI(XXVIII)	18,819	1	43,292	2
7050 Finance costs	VI(XXIX)	( 23,868)	( 1)	( 17,939)	( 1)
7060 Share of profits of associates and joint ventures accounted for using equity method, net	VI(VIII)	( 25,287)	( 1)	10,187	1
7000 Total non-operating income and expenses		8,660	1	47,407	3
7900 Net income before tax		160,430	10	177,351	10
7950 Income tax expense	VI(XXXII)	( 36,092)	( 2)	( 48,809)	( 3)
8200 Net income for the year		\$ 124,338	8	\$ 128,542	7

(Continued)

ARBOR Technology Corporation and its Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands  
(Except for earnings per share in NT \$)

Item		Note	2023		2022	
			Amount	%	Amount	%
<b>Other comprehensive income (Net)</b>						
<b>Item that will not be reclassified to profit or loss</b>						
8311	Remeasurement of defined benefit obligation	VI(XX)	(\$ 3,816)	-	\$ 1,807	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	VI(VII)	1,392	-	2,830	-
8320	Share of other comprehensive gain of associates that will not be reclassified subsequently to profit or loss		-	-	72	-
<b>Item that may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translation of foreign financial statements		( 8,113)	( 1)	18,022	1
8360	Total amount of Item that may be reclassified subsequently to profit or loss		( 8,113)	( 1)	18,022	1
8300	<b>Other comprehensive income (loss) of the period</b>		(\$ 10,537)	( 1)	\$ 22,731	1
8500	<b>Total comprehensive income for the period</b>		\$ 113,801	7	\$ 151,273	8
Net income attributable to						
8610	Owners of the parent		\$ 122,898	8	\$ 132,388	7
8620	Non-controlling interest		1,440	-	( 3,846)	-

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

	Equity Attributable to Owners of the Parent															
	Share capital			Capital surplus			Retained Earnings			Other Equity						
	Ordinary share	Conversion right of bonds Certificates	Share premium	Treasury shares Transacted	Acquisition or disposal of Company equity price Book value Difference	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Foreign operations Translation of financial statements Exchange differences on translation of foreign financial statements	Through Other total Fair value through profit or loss Financial assets measured at fair value Assets Unrealized Profit or loss	Treasury shares	Total	Non-controlling Interest	Total Equity	
	Notes															
Fiscal Year 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	\$ 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																
Legal reserve	-	-	-	-	-	-	2,186	-	( 2,186)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	10,745	( 10,745)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	( 8,909)	-	-	( 8,909)	-	( 8,909)	-	( 8,909)
Capital increased in cash	160,000	-	136,000	-	-	-	-	-	-	-	-	296,000	-	296,000	-	296,000
Conversion of convertible corporate bonds	-	50,176	65,636	-	-	( 8,853)	-	-	-	-	-	106,959	-	106,959	-	106,959
Conversion of bond conversion entitlement	50,176	( 50,176)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	-	-	-	-	-	-	-	-	-	-	-	( 3,696)	-	( 3,696)	-	( 3,696)
Share-based payment transaction	-	-	-	-	-	2,298	-	-	-	-	-	2,298	-	2,298	-	2,298
Changes in equity of associates accounted for using equity method	-	-	-	-	( 20)	-	-	-	72	-	( 72)	( 20)	-	( 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	\$ 2,085,532	\$ 6,205	\$ 2,091,737		
Fiscal Year 2023																
Balance at January 1, 2023	\$ 954,394	\$ -	\$ 794,805	\$ 4,461	\$ 3,550	\$ 2,525	\$ 84,049	\$ 76,030	\$ 257,410	\$ 51,133	\$ 4,044	\$ 2,085,532	\$ 6,205	\$ 2,091,737		
Net income for the year	-	-	-	-	-	-	-	-	122,898	-	-	122,898	1,440	124,338		
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	( 3,816)	( 8,113)	1,392	( 10,537)	-	( 10,537)		
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	119,082	( 8,113)	1,392	112,361	1,440	113,801		
Distribution of 2022 earnings																
Legal reserve	-	-	-	-	-	-	13,427	-	( 13,427)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	( 20,853)	20,853	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	( 75,609)	-	-	( 75,609)	-	( 75,609)	-	( 75,609)
Share-based payment transaction	-	-	-	1,448	-	2,157	-	-	-	-	-	3,605	-	3,605	-	3,605
Exercise of employee share options	-	-	1,448	( 1,448)	-	-	-	-	-	-	-	13,424	-	13,424	-	13,424
Disposal of investments accounted for under Other comprehensive income Fair value-Equity	-	-	-	-	-	-	-	-	( 3,092)	-	-	3,092	-	-	-	-
Balance at December 31, 2023	\$ 954,394	\$ -	\$ 796,253	\$ 4,461	\$ 3,550	\$ 4,682	\$ 97,476	\$ 55,177	\$ 305,217	\$ 59,246	\$ 440	\$ 2,139,313	\$ 7,645	\$ 2,146,958		

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

ARBOR TECHNOLOGY Co., Ltd  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

	Note	2023	2022
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 160,430	\$ 177,351
Adjustments:			
Adjustments to reconcile profit (loss)			
Unrealized sales profits	VI(VIII)	1,609	2,902
Realized gains from sales	VI(VIII)	( 2,902 )	( 270 )
Net loss (profit) from financial assets and liabilities at fair value through loss (profit)	VI(II)(XXVIII)	( 17,582 )	( 11,556 )
Expected credit impairment loss	VI(XXX)	5,682	31,408
Depreciation expense- Property, plant and equipment and Investment property	VI(IX)(XII)(XXX)	16,844	18,602
Depreciation expense- Right-of-use asset	VI(X)(XXX)	18,146	16,441
Amortization expense	VI(XIII)(XXX)	5,898	9,610
Loss (gain) on disposal of investment	VI(XXVIII)	81	( 177 )
Interest income	VI(XXVI)	( 24,627 )	( 2,531 )
Dividend income	VI(XXVII)	( 937 )	( 700 )
Interest expense	VI(XXIX)	23,868	17,939
Loss on disposal of property, plant and equipment	VI(XXVIII)	76	3,455
Share-based payment compensation	VI(XXI)(XXXI)	3,605	2,298
Share of loss (profit) of associates accounted for using equity method	VI(VIII)	25,287	( 10,187 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial instruments at fair value through profit or loss		7,931	17,562
Notes receivable		427	10,052
Notes receivable - related parties		130	( 5,677 )
Accounts receivable		45,786	16,807
Accounts receivable - related parties		( 90,212 )	( 66,502 )
Other receivables-related parties		18,238	( 1,421 )
Inventories		176,722	( 33,406 )
Other current assets		89,231	( 13,375 )
Other noncurrent assets		( 37 )	2,474
Changes in operating liabilities			
Current contract liabilities		( 3,424 )	3,458
Notes payable		( 231 )	( 2,124 )
Accounts payable		( 109,117 )	63,246
Accounts payable - related parties		16,795	3,763
Other payables		( 18,844 )	23,828
Other payables - related parties		( 2,438 )	5,705
Other current liabilities		2,399	( 1,066 )
Other noncurrent liabilities		( 1,759 )	( 1,778 )
Cash inflow generated from operations		347,075	276,131
Interest received		24,627	2,531
Dividends received		937	700
Interest paid		( 23,819 )	( 16,263 )
Income tax paid		( 23,231 )	( 11,686 )
Income tax refunded		11	33
Net cash flows from operating activities		325,600	251,446

(Continued)

ARBOR TECHNOLOGY Co., Ltd  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

	Note	2023	2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value			
through profit or loss Fair value Financial Assets		( \$ 27,650 )	( \$ 22,916 )
Disposal Fair value Financial Assets		35,057	8,665
Acquisition of Financial assets at fair value through	XII(III)		
other comprehensive income		-	( 4,500 )
Proceeds from sale of Financial assets at fair value	XII(III)		
through other comprehensive income		-	3,737
Purchase of financial assets at amortized cost		( 49,882 )	( 197,016 )
Acquisition of property, plant and equipment	VI(IX)	( 3,801 )	( 4,011 )
Proceeds from disposal of property, plant and			
equipment price		862	-
Acquisition of intangible assets	VI(XIII)	( 2,600 )	( 1,919 )
Increase in equipment prepayment		( 6,593 )	( 9,554 )
Increase in refundable deposits		( 806 )	( 3,060 )
Net cash flows used in investing activities		( 55,413 )	( 230,574 )
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	VI(XXXV)	87,418	58,976
Decrease in short-term notes and bills payable	VI(XXXV)	-	( 42,000 )
Repayments of long-term debt	VI(XXXV)	( 93,541 )	( 120,178 )
Repayment of lease principal	VI(XXXV)	( 17,579 )	( 17,657 )
Increase in guarantee deposits received	VI(XXXV)	30	226
Cash dividends paid	VI(XXIV)	( 75,609 )	( 8,909 )
Increase capital in cash	VI(XXII)	-	296,000
Payments to acquire treasury shares	VI(XXII)	-	( 3,696 )
Exercise of employee share options	VI(XXII)	13,424	-
Net cash (outflow) inflow from financing			
activities		( 85,857 )	162,762
Effect of foreign exchange translations		( 21,113 )	( 40,479 )
Net increase in cash and cash equivalents		163,217	143,155
Cash and cash equivalents at beginning of year		487,302	344,147
Cash and cash equivalents at end of year		\$ 650,519	\$ 487,302

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

# Independent Auditors' Report

(2024) Audited NO 23005138

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, 2023 and 2022, 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.

Based on our opinions, audit results, and other CPA reports (see Others), 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, 2023 and 2022, 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. Based on our audit results and the audit reports of other CPAs, 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, 2023. 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, 2023 is stated as follows

### Adequacy of export revenue recognition

#### Description

For information on accounting policy on sales revenue, please refer to Note 4(31) and Note 6(24) 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.

Corresponding audit procedures:

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(2) 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 Arbor China 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 judgment 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.

Corresponding audit procedures:

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.

### **Impairment assessment of receivables**

#### 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(2) 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 Arbor China Technology Co., Ltd at the same time.

As the ratio of loss allowance recognition is subject to judgment of management of the Company and certain subsidiaries (part of Investments accounted for using equity method), and the amount of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

#### Corresponding audit procedures:

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.

### **Other matter –Reference to the audits of other accountants**

We did not audit the 2023 financial statements of certain investments accounted for under the equity method of the company. These investments were audited by other accountants. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the report of other accountants. As of December 31, 2023, the carrying amount of Investments accounted for using equity method was NT \$432,193 thousand, representing 12.25% of that of Total assets. From January 1, 2023 to December 31, 2023, the Company recognized NT \$(25,287) thousand in profit or loss of total, representing (22.51%) of that of total.

### **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

Hsu, Ming-Chuan

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 15, 2024

Arbot Technology Corp.  
Parent Company Only Balance Sheets  
December 31, 2023 and 2022

Unit: NT \$thousands

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 416,670	12	\$ 290,732	8
1110	Current financial assets at fair value through profit or loss	VI (II) , VII	105,300	3	104,846	3
1136	Current financial assets at amortized cost	VI (I) (III), VIII	260,526	7	233,652	7
1150	Notes receivable, net	VI(IV)	29	-	45	-
1170	Accounts receivable, net	VI (IV)	146,892	4	149,691	4
1180	Accounts receivable due from related parties, net	VI(IV) , VII	211,005	6	169,585	5
1210	Other receivables due from related parties	VII	122,056	4	191,967	5
130X	Inventories	VI (V)	324,202	9	347,072	10
1470	Other current assets	VI (VI) , VII	258,989	7	338,699	10
11XX	Total current assets		1,845,669	52	1,826,289	52
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	VI (VII)	12,660	-	11,268	-
1550	Investments accounted for using equity method	VI(VIII) , VII	988,816	28	993,715	28
1600	Property, plant and equipment	VI(IX),VIII	549,912	16	550,653	16
1755	Right-of-use asset	VI (X)	3,734	-	1,358	-
1760	Investment property, net	VI(XII),VIII	73,538	2	74,341	2
1780	Intangible assets	VI(XIII)	7,084	-	10,226	-
1840	Deferred tax assets	VI(XXXI)	18,165	1	15,660	1
1900	Other non-current assets	VI(XIX),VIII	29,656	1	34,369	1
15XX	Total non-current assets		1,683,565	48	1,691,590	48
1XXX	Total Assets		\$ 3,529,234	100	\$ 3,517,879	100

(Continued)

Arbot Technology Corp.  
Parent Company Only Balance Sheets  
December 31, 2023 and 2022

Unit: NT \$thousands

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	VI(XIV),VIII	\$ 646,500	18	\$ 559,082	16
2110	Short-term notes and bills payable	VI(XV),VIII	72,000	2	72,000	2
2120	Current financial liabilities at fair value through profit or loss	VI(II)	-	-	1,709	-
2130	Liabilities-current	VI(XXIV),VII	8,071	-	10,121	-
2150	Notes payable		-	-	231	-
2170	Accounts payable		65,543	2	118,167	3
2180	Accounts payable to related parties	VII	32,505	1	22,261	1
2200	Other payables	VI(XVI)	56,176	2	64,647	2
2220	Other payables to related parties	VII	3,325	-	5,763	-
2230	Income tax liabilities for the current period		26,451	1	8,847	-
2280	Liabilities-current	VI(X)	2,661	-	1,354	-
2320	Long-term liabilities, current portion	VI(XVIII),VIII	67,601	2	93,672	3
2399	Other current liabilities, others		676	-	657	-
21XX	Total current liabilities		981,509	28	958,511	27
Non-current liabilities						
2540	Long-term borrowings	VI(XVIII),VIII	404,336	11	471,806	14
2570	Deferred tax liabilities	VI(XXXI)	68	-	1,177	-
2580	Liabilities-Non-current	VI(X)	1,068	-	-	-
2600	Other non-current liabilities	VI(VIII)(XIX)	2,940	-	853	-
25XX	Total non-current liabilities		408,412	11	473,836	14
2XXX	Total Liabilities		1,389,921	39	1,432,347	41
Equity						
	Share capital	VI(XXI)				
3110	Ordinary share		954,394	27	954,394	27
	Capital surplus	VI(XXII)				
3200	Capital surplus		808,946	23	805,341	23
	Retained earnings	VI(XXIII)				
3310	Legal reserve		97,476	3	84,049	2
3320	Special reserve		55,177	2	76,030	2
3350	Unappropriated retained earnings		305,217	9	257,410	7
	Other equity interest					
3400	Other equity interest		( 58,806)	( 2)	( 55,177)	( 1)
3500	Treasury shares	VI(XXI)	( 23,091)	( 1)	( 36,515)	( 1)
3XXX	Total Equity		2,139,313	61	2,085,532	59
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS Under Liabilities						
SIGNIFICANT EVENTS AFTER THE XI REPORTING PERIOD						
3X2X	Total Liabilities and Equity		\$ 3,529,234	100	\$ 3,517,879	100

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

Arbot Technology Corp.  
Parent Company Only Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands  
(Except for earnings per share in NT \$)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	VI(XXIV), VII	\$ 1,146,979	100	\$ 1,257,706	100
5000	Operating costs	VI(V)(XIII)(XXIX)(XXX), VII	( 824,621)	( 72)	( 973,599)	( 77)
5900	Gross profit from operations		322,358	28	284,107	23
5910	Unrealized profit from sales	VI(VIII)	( 15,651)	( 1)	( 13,676)	( 1)
5920	Realized profit on from sales	VI(VIII)	13,676	1	18,565	1
5950	Gross profit from operations		320,383	28	288,996	23
	Operating expenses	VI(XIII)(XXIX)(XXX), VII				
6100	Selling expenses		( 89,220)	( 8)	( 71,965)	( 6)
6200	Administrative expenses		( 56,129)	( 5)	( 57,939)	( 5)
6300	Research and development expenses		( 77,489)	( 7)	( 76,838)	( 6)
6450	Expected credit Impairment loss	XII(II)	-	-	( 1,464)	-
6000	Total operating expenses		( 222,838)	( 20)	( 208,206)	( 17)
6900	Net operating income		97,545	8	80,790	6
	Non-operating income and expenses					
7100	Interest revenue	VI(XXV), VII	22,251	2	2,858	-
7010	Other income	VI(XXVI), VII	22,522	2	32,223	3
7020	Other gains and losses	VI(XXVII)	26,084	2	79,975	6
7050	Finance costs	VI(XXVIII)	( 22,865)	( 2)	( 17,366)	( 1)
7070	Share of profits of associates and joint ventures accounted for using equity method, net	VI(VIII)	5,188	1	( 6,912)	( 1)
7000	Total non-operating income and expenses		53,180	5	90,778	7
7900	<b>Net income before tax</b>		150,725	13	171,568	13
7950	Income tax expense	VI(XXXI)	( 27,827)	( 2)	( 39,180)	( 3)
8200	<b>Net income for the year</b>		<u>\$ 122,898</u>	<u>11</u>	<u>\$ 132,388</u>	<u>10</u>
	<b>Other comprehensive income (Net)</b>					
	<b>Item that will not be reclassified to profit or loss</b>					
8311	Remeasurement of defined benefit plans	VI(XIX)	( \$ 3,816)	-	\$ 1,807	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	VI(VII)	1,392	-	2,830	-
8330	Share of Equity associates and joint ventures accounted for using Other comprehensive income-Item		-	-	72	-
8310	Total of Item that will not be reclassified subsequently to profit or loss		( 2,424)	-	4,709	-
	<b>Item that may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translation of foreign financial statements	VI(VIII)	( 8,113)	( 1)	18,022	2
8360	Total amount of Item that may be reclassified subsequently to profit or loss		( 8,113)	( 1)	18,022	2
8300	<b>Other comprehensive income (Net)</b>		<u>( \$ 10,537)</u>	<u>( 1)</u>	<u>\$ 22,731</u>	<u>2</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 112,361</u>	<u>10</u>	<u>\$ 155,119</u>	<u>12</u>
	Earnings per share	VI(XXXII)				
9750	Basic earnings per share		\$ 1.30		\$ 1.51	
9850	Diluted earnings per share		\$ 1.30		\$ 1.50	

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

Arbot Technology Corp.  
Parent Company Only Statements of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

	Share capital		Capital surplus				Retained earnings		Other equity interest				Total
	Ordinary share	Conversion right of bonds Certificates	Share premium	Treasury shares Transaction	Acquisition or disposal of Company equity price Difference	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements	Foreign operations Translation of financial statements Exchange differences on value	Through total Fair value through profit or loss Financial assets measured at fair value Assets Unrealized Profit or loss	
<u>Fiscal Year 2022</u>													
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 Profit	-	-	-	-	-	-	-	-	132,388	-	-	-	132,388
Other comprehensive income	-	-	-	-	-	-	-	-	1,807	18,022	2,902	-	22,731
Total comprehensive income	-	-	-	-	-	-	-	-	134,195	18,022	2,902	-	155,119
Appropriation and distribution of 2021 earnings VI(XXIII)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	2,186	-	( 2,186)	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	10,745	( 10,745)	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-	( 8,909)	-	-	-	( 8,909)
Proceeds from issuing shares VI(XVII)	160,000	-	136,000	-	-	-	-	-	-	-	-	-	296,000
Conversion of convertible bonds VI(XVII)	-	50,176	65,636	-	-	( 8,853)	-	-	-	-	-	-	106,959
Conversion of certificates of bonds-to-share VI(XXI)	50,176	( 50,176)	-	-	-	-	-	-	-	-	-	-	-
Repurchase of treasury stock VI(XXI)	-	-	-	-	-	-	-	-	-	-	-	( 3,696)	( 3,696)
Share-based payments VI(XX)	-	-	-	-	-	2,298	-	-	-	-	-	-	2,298
Changes in affiliates recognized under Equity VI(VIII)	-	-	-	-	( 20)	-	-	-	72	-	( 72)	-	( 20)
Balance as of 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
<u>Fiscal Year 2023</u>													
Balance at January 1, 2023	\$ 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
Net Profit	-	-	-	-	-	-	-	-	122,898	-	-	-	122,898
Other comprehensive income	-	-	-	-	-	-	-	-	( 3,816)	( 8,113)	1,392	-	( 10,537)
Total comprehensive income	-	-	-	-	-	-	-	-	119,082	( 8,113)	1,392	-	112,361
Appropriation and distribution of 2022 earnings VI(XXIII)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	13,427	-	( 13,427)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	( 20,853)	20,853	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-	( 75,609)	-	-	-	( 75,609)
Share-based payments VI(XX)(XXI)	-	-	-	-	-	2,157	-	-	-	-	-	-	2,157
Exercise of employee share options VI(XX)(XXI)	-	-	1,448	-	-	-	-	-	-	-	-	13,424	14,872
Disposal of investments accounted for under VI(VII)	-	-	-	-	-	-	-	-	( 3,092)	-	-	-	-
Other comprehensive income Fair value-Equity	-	-	-	-	-	-	-	-	305,217	\$ 59,246	\$ 440	\$ 23,091	\$2,139,313
Balance at December 31, 2023	\$ 954,394	\$ -	\$ 796,253	\$ 4,461	\$ 3,550	\$ 4,682	\$ 97,476	\$ 55,177	\$ 305,217	\$ 59,246	\$ 440	\$ 23,091	\$2,139,313

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

Arbot Technology Corp.  
Parent Company Only Statements of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

	Notes	F Y 2023	F Y 2022
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 150,725	\$ 171,568
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized gain on inter-affiliate accounts	VI(VIII)	15,651	13,676
Realized gain on inter-affiliate accounts	VI(VIII)	( 13,676 )	( 18,565 )
Net gain on financial assets or liabilities at fair value through profit or loss	VI(II)(XXVII)	( 17,582 )	( 11,556 )
Expected credit Impairment loss	VI(XXIX)	-	1,464
Depreciation expense	VI(IX)(X)(XII)(XIX)	17,046	18,953
Amortization expense	VI(XIII)(XXIX)	5,874	7,740
Share-based payments	VI(XX)(XXX)	3,605	2,298
Dividend revenue	VI(XXIV)	( 937 )	( 700 )
Interest revenue	VI(XXV)	( 22,251 )	( 2,858 )
Loss on disposal of property, plant and equipment	VI(XXVII)	52	3,441
Losses on disposals of investments (Gain)	VI(XXVII)	81	( 177 )
Interest expense	VI(XXVIII)	22,865	17,366
Share of loss (profit) of associates accounted for using equity method	VI(VIII)	( 5,188 )	6,912
Changes in operating activities related to Assets/Liabilities			
Changes in operating assets			
Fair value Financial Assets and Liabilities		7,931	17,562
Notes receivable, net		16	726
Accounts receivable		2,799	25,908
Accounts receivable-related parties		( 41,420 )	55,711
Other receivables-related parties		71,680	( 111,966 )
Inventories		22,870	( 66,851 )
Other current assets		79,710	( 31,690 )
Changes in operating liabilities			
Liabilities-current		( 2,050 )	3,300
Notes payable		( 231 )	( 2,124 )
Accounts payable		( 52,624 )	53,136
Accounts payable to related parties		10,244	( 17,609 )
Other payables		( 8,520 )	21,165
Other payables-related parties		( 2,438 )	4,906
Other current liabilities		19	( 330 )
Other non-current liabilities		( 1,703 )	( 1,777 )
Cash inflow generated from operations		242,548	159,629
Interest received		20,482	2,781
Dividends received		937	700
Interest paid		( 22,816 )	( 15,690 )
Income taxes paid		( 13,848 )	-
Income taxes refund		11	33
Net cash flows from operating activities		227,314	147,453

(Continued)



Arbot Technology Corp.  
Parent Company Only Statements of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

	<u>Notes</u>	<u>F Y 2023</u>	<u>F Y 2022</u>
<u>Cash flows from (used in) investing activities</u>			
Acquisition of financial assets at fair value through profit or loss Fair value Financial Assets		( \$ 27,650 )	( \$ 22,916 )
Disposal Fair value Financial Assets		35,057	8,665
Acquisition of financial assets at fair value through other comprehensive income XII(III)		-	( 4,500 )
Proceeds from disposal of financial assets at fair value through other comprehensive income XII(III)		-	3,737
Acquisition of financial assets at amortized cost		( 26,874 )	( 186,228 )
Acquisition of property, plant and equipment VI(IX)		( 2,364 )	( 1,941 )
Proceeds from disposal of property, plant and equipment price		862	-
Acquisition of intangible assets VI(XIII)		( 2,600 )	( 1,870 )
Increase in prepayments for business facilities		( 6,593 )	( 9,763 )
Increase in refundable deposits		-	( 3,439 )
Net cash flows used in investing activities		( 30,162 )	( 218,255 )
<u>Cash flows from financing activities</u>			
Increase in short-term loans VI(XXXIV)		87,418	58,976
Decrease in short-term notes and bills payable VI(XXXIV)		-	( 42,000 )
Repayments of long-term debt VI(XXXIV)		( 93,541 )	( 120,178 )
Repayment of lease principal VI(XXXIV)		( 2,936 )	( 3,221 )
Increase in guarantee deposits received VI(XXXIV)		30	226
Cash dividends paid VI(XXIII)		( 75,609 )	( 8,909 )
Purchase of treasury share Cost VI(XXI)		-	( 3,696 )
Proceeds from issuing shares VI(XXI)		-	296,000
Exercise of employee share options VI(XXI)		13,424	-
Net cash flows (used in) from financing activities		( 71,214 )	177,198
Net increase in cash and cash equivalents		125,938	106,396
Cash and cash equivalents at beginning of period		290,732	184,336
Cash and cash equivalents at end of period		\$ 416,670	\$ 290,732

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

## Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 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 15, 2024

## Arbor Technology Corp. Profit Appropriation Statement for 2023

Unit: NT\$

Unappropriated retained earnings at the beginning of the year		189,226,319
Plus(Less):		
Net profit of 2023	122,898,090	
Changes in equity of associates accounted for using equity method	(3,092,250)	
Remeasurement of defined benefit obligation	(3,815,524)	
Special Reserve	(3,628,560)	
Legal Reserve	(11,599,032)	
Retained Earnings Available for Distribution		289,989,043
Distribution items:		
Cash dividends (NT\$0.6 per share)		(56,861,615)
Unappropriated retained earnings		233,127,428

Note: The 2023 net income shall be distributed with higher priority this time.

Chairman: Eric Lee

President: Clark Lien

Controller: Feng Ling Kuo

Arbor Technology Corporation  
Comparison Table for the Amendment of  
“Articles of Incorporation”

Comparison Table for the Amendment of “Articles of Incorporation”			
Article	Amended articles	Current articles	Explanation
Article 2	<p>The scope of business of the Corporation shall be as follows: .....</p> <p><u>I301030 Digital Information Supply Services</u> <u>E603050 Automatic Control Equipment Engineering</u> ZZ999999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	<p>The scope of business of the Corporation shall be as follows: .....</p> <p>ZZ999999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	In response to the Company’ s operational needs
Article 24	<p>.....</p> <p>The thirty-third amendment was made on June 27, 2022. <u>The thirty-fourth amendment was made on June 27, 2024.</u></p>	<p>.....</p> <p>The thirty-third amendment was made on June 27, 2022.</p>	Amendment to resolution history.

## Dismissal of Restriction on Newly Appointed Directors from Non-Competition

Type of candidate	Name of candidate	Institute and position the candidate concurrently serves
Director	Eric Lee	President and CEO of ARBOR Technology Co., Ltd. President and General Manager of Amobile Intelligent Corp. Ltd. Taiwan Branch. President and General Manager of Amobile Solutions Corp. President and General Manager of Amobile(HK) Ltd. President and General Manager of Amobile Solutions (Xiamen) Co. Ltd. President and General Manager of Amobile Solutions (Shenzhen) Co., Ltd. President of Arbor Solution President of Arbor France S.A.S President of Arbor Korea Co.,Ltd President of Arbor UK Director of Guiding Technology Ltd. Director of Flourish Technology Co., Ltd Director of Excellent Top International Development LTD. Director of Best Vintage Global LTD Director of Perfect Stream LTD.
Director	Clark Lien	General Manager(GM) of Arbor Technology Corp., Representative and GM of Arbor Technology (Shenzhen) Co., Ltd, Representative and GM of Arbor China Technology Co. Representative of Arbor Beijing Technology Co.
Director	Ennoconn International Investment Co., Ltd. Legal Rep. : Neng-Chi Tsai	General Manager of Ennoconn President of American Industrial Systems Inc., President of Vecow Co., Ltd. Director of AIS Cayman Technology Group Director of Ennoconn International Investment Co., Ltd. Director of Caswell Inc., Director of Ennowell Director of Poslab Technology Corp. Director of Markettech International
Director	Wistron Corporation legal Rep. : Robert Lin	Wistron Corporation President of Client Products Business Group and Global Supply Chain Management
Independent Director	Ming De, Wang	Chairman of Transformative Cell Processing Co., Ltd. Independent director of Taiwan High Speed Rail Corporation
Independent Director	Chuang-Chien Chiu	Dean of International School of Technology and Management, Feng Chia University, Chair Professor, Department of Automatic Control Engineering, Feng Chia University
Independent Director	Ya-Chun Lin	Lead lawyer, Meridian Attorneys-at-Law. Chief Arbitration Committee Member of Labor Disputes of New Taipei City Government. Member of the Labor Dispute Arbitration Committee of the New Taipei City Government.

		<p>Sole arbitrator of labor disputes in New Taipei City Government.</p> <p>Member of the Labor Dispute Mediation Committee of the New Taipei City Government.</p> <p>Member of the 5th Arbitration Committee for Labor Disputes of Taipei City Government.</p> <p>Sole arbitrator of labor disputes at Taipei City Government.</p>
Independent Director	Tai, Chein	<p>Kun Shan University: Dircetor</p> <p>Asia Pacific ESG Action Alliance: Chairman</p> <p>Chi Mei Medical Hospital Corp.: Dircetor</p> <p>Tainan City Meat Market: Dircetor</p> <p>Kun Shan University Department of Businesss Administration: Professor</p>

# 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 attestors 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 (April 29, 2024) for that Shareholders' Meeting are as below :

Title	Name	Number of shares
Chairman	Eric Lee	4,105,173
Director	Clark Lien	1,019,322
Director	Wistron Corporation: Legal Representative: Robert Lin	4,678,586
Director	ENNOCNN 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
Independent Director	Tai, Chein	0
Total		25,803,081

- Note : 1. The paid-in capital of the Company is NT\$956,973,580 and the issued share is 95,697,358 shares.
2. According to the Article 26 of Securities and Exchange Act, all directors shall hold a minimum of 7,655,789 shares.
3. The actual shares held by all directors : 25,803,081 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.