

研揚科技股份有限公司 AAEON Technology Inc.

2021 ANNUAL GENERAL SHAREHOLDERS' MEETING

Meeting Agenda Date: May 28, 2021

Location: 9F, No. 135, Lane 235, Pao Chiao Rd., Hsin-Tien Dist, New Taipei City (Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

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AAEON Technology Inc.

2021 Annual General Meeting Procedures

- I. Commence Meeting
- II. Chairman's Speech
- III. Reporting matters
- IV. Proposals
- V. Discussions
- VI. Extempore Motion
- VII. Adjournment

AAEON Technology Inc. 2021 Annual General Meeting Agendas

Time: 9:00am on May 28 (Friday), 2021.

Address: 9F, No. 135, Lane 235, Baochiao Road, Xindien District, New Taipei City (Meeting Room)

- 1. Commence Meeting
- 2. Chairman's Speech
- 3. Reporting matters:
 - (1) Business report of 2020.
 - (2) Audit Committee's review report of 2020.
 - (3) Report of Directors' Compensation and Employees' Compensation for 2020.

4. Proposals:

- (1) To adopt 2020 Business Report and Financial Statements.
- (2) To adopt the proposal for distribution of 2020 profits.

5. Discussions:

- (1) It is proposed to distribute NTD0.5 per share in cash from additional paid-in capital.
- (2) Amendment to the "Procedures of Lending Funds to Others."
- (3) Amendment to the "Rules of Procedure for Shareholders Meetings"
- (4) Amendment to the "Procedures for Election of Directors"
- 6. Questions and Motions
- 7. Adjournment

Reporting matters

No. 1: Proposed by the Board

Case Summary: Please review the business report of 2020.

Description: the business report of 2020. is as follows:

Hello Ladies and Gentlemen,

Thank you for attending our 2021 annual shareholders meeting.

Like most vendors of industrial computers, AAEON was severely impacted by the Covid-19 pandemic in 2020. The overall revenue growth declined by 4%. The gross revenue was maintained at 33%. Due to the proper control of expenses, the operating margin was maintained at 11%. The result is lower than expectations but within the controllable scope.

Covid-19 has changed the way people live and work. According to news reports, global capital expenditure decreased by 12% in 2020. Meanwhile, since people worked from home most of the time, the project progress and process of decision-making were prolonged. These have caused serious impacts on industrial computer vendors who rely on capital expenditure.

The detailed explanations are as below:

- I. The 2020 Business result:
 - (I) Operating performance:
 - 1. Revenues and profits: for 2020, Aaeon's consolidated operating income is NTD5,898,185 thousand, gross profit is NTD1,930,453 thousand, operating revenue is NTD620,592 thousand, net profit after tax is NTD464,171 thousand. Net profit of the parent company is NTD382,810 thousand. Earnings per share (EPS) is NTD3.58.
 - 2. Among all regions, the growth rate of 12% in China is the best result. By product line, the growth of the embedded motherboard business unit and rugged tablet business unit is the best, by 29% and 75% respectively.
 - 3. Budget execution: the Company did not publish its financial forecast in 2020.
 - 4. Recognition of our operational achievements:
 - -Won the Intel Best Co-Selling Partner Award
 - -Won the Intel Best Co-Selling Partner Award
 - -Certified health workplace by Health Promotion Administration
 - (II) Research and development innovations:
 - 1. In 2020, four AAEON products have won the 29th Taiwan Excellence Award, which are AI platforms Boxer-8221AI, and Boxer-8521AI, and embedded systems Boxer-6641, and Boxer-6842M.
 - 2. AAEON launched several AI margin computing platforms based on Nvidia, including Jetson Xavier NX, Xavier, Nano.
 - 3. AAEON launched a series of industrial PCs based on Intel's 11th generation CPU: from COM-E, 3.5-inch SBC, PICO-ITX, Mini-ITX to Box-PC.

(III)Marketing and promotion

- 1. The brand awareness of AAEON continues to rise. In 2020, the annual views exceeded 1.25 million. The rank on Alexa went from 150,000 to 96,500.
- 2. In order to satisfy customer's needs fast, we set up customization services centers in China, the U.S., Europe and Taiwan to provide system customization services.
- 3. Many exhibitions were suspended due to the pandemic. Our marketing strategies moved

- online as well. Active participation in the webinars held by Intel, Nvidia, and other collaborative partners created many business opportunities.
- 4. Although demand dropped due to the pandemic, other business opportunities were created to meet the need during the pandemic. AAEON and customers completed many projects related to the pandemic, including virus detection equipment, ventilators, portable X-ray machine, body thermometer/mask detection, and medicine delivery/meal delivery robot, making considerable contributions to the revenue.

II. 2021 business plan:

In 2020, the global economy experienced negative growth due to the pandemic. However, the investment in AI remains popular, especially in AI margin computing platforms. An annual growth of 15% to 20% is expected. AAEON has focused on the development and promotion of AI margin computing platform in the last two years. The results are manifesting gradually. Revenue and customer numbers grow year by year. The variety of product lines increases step by step. We believe that, in the near future, AI margin computing platforms can be AAEON's primary energy to grow.

Looking forward to 2021, the global economy is recovering. A shortage of parts and price increase create the next uncertainty to the markets. Appreciation of New Taiwan dollar is disadvantageous for exportation, making the operation more difficult. However, crisis is the turning point. AAEON will work on overcoming each difficulty and growing steadily.

(I) Operating guidelines

- 1. Business focuses on four major AI markets new retail, robots, smart city and security surveillance. Developed margin computing platform and collaborated with partners to form a complete ecological system. Meanwhile, facilitated the subsidiary Onyx Healthcare to develop the application of AI in the medical field.
- 2. Worked with international IC suppliers to launch AI solutions together, and became the leading vendor of AI margin computing platforms.

(II) Important strategies

- 1. Developed AI Ready Platform, improved the software development environment, allowing AI software developer to transfer model development to inference, and rapidly deploy to the site.
- 2. Enhanced regional AI market development. Worked with IC manufacturers and local partners, held webinars to promote AI solutions.
- 3. Cultivated vertical market. Worked with local system integration service providers and equipment developer to develop AI application in new retail, robot, smart city, and security surveillance, accelerating the growth of AI.
- 4. Promoted channels, improved the business organization of each region, developed important customers and AI distributors.

III. Long-term development strategies

AI and IOT are the trend of market development. AAEON will focus on the design and promotion of the margin computing platform, making continuous innovation the spine of product development, making customized service the core competitiveness, and making quality excellence the commitment to customers. AAEON is not only a hardware manufacturer, but also a technological service provider, providing hardware design, software development, production and manufacturing, logistics management, and after-sales services.

We provide customers with industrial computing platforms of high quality, and become their trustworthy partner.

The "AA" of AAEON means better than better. It means we continue to challenge ourselves, innovate and chase after excellency. We will uphold the core value – focus, agility, and competitiveness. We continue to grow to be the leading vendor of AI margin calculation.

Today, we are grateful to the shareholders who took the time to attend the General Shareholders' Meeting. In the end, I look forward to your continued support and encouragement to the Company.



Chairman: Yung-Shun Chuang



President: Chien-Hung, Lin



Chief of Accounting Officer: Jen-Chun, Wang



No. 2: Proposed by the Board

Case Summary: audit Committee's review report of 2020. Please review.

Description: the company's "Audit Committee's review report of 2020." is as follows:

Audit Committee's Review Report of AAEON Technology Inc.

The Board of Directors has prepared the AAEON Technology Inc. ("the Company") 2020 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company's financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of AAEON Technology Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

AAEON Technology Inc.

Chairman of the Audit Committee: Mr. Kun-Chih, Chen

February 26, 2021

No. 3: Proposed by the Board

Case Summary: report of Directors' Compensation and Employees' Compensation for 2020. Please review.

Description:

- 1. Pursuant to Article 23 of the company's bylaws: If there are any remaining earnings after offsetting the accumulated loss against the annual profit (profits before tax and expenses for distributing the employee's compensation and the director's compensation), the company shall appropriate no less than 5% as the employee's compensation and no more than 1% as the director's remuneration.
- 2. The company's 2020 profit is NT\$530,413,667. It is proposed to appropriate 8.44% as the employee's compensation, NT\$44,767,000 in total and 0.76% as the director's remuneration, NT\$4,050,000 in total. The payment will be made in cash. The appropriated amount is consistent with the budgeted expenditure of 2020.
- 3. The employee's compensation will only be paid to the employees of the company and our affiliates. The paid amount is based on the individual's year of service, job level, work performance, overall contribution or special achievement. The Chairman is fully authorized to handle the determinations of employee qualification subject to the foregoing amount.

Proposals

No. 1: Proposed by the Board

Case Summary: To adopt 2020 Business Report and Financial Statements.

Description:

- 1. The Board of Director has resolved on the company's 2020 operating report and financial statements on February 26, 2021. Among the others, the financial statements are audited by PwC CPAs, Shih-Jung, Weng and Chun-Yao Lin; the Audit Committee has reviewed and issued the review report thereof.
- 2. The operating report is on pages 3 to 5 of this brochure. The CPA audit report and financial statements are attached as Appendix 1.

Resolution:

No. 2: Proposed by the Board

Case Summary: To adopt the proposal for distribution of 2020 profits.

Description: pursuant to Article 23-1 of the company's bylaws, the proposal of 2020 surplus distribution is as attached schedule and explained as follows:

- 1. By adding the retained earnings from the previous year, NT\$104,030,988, to the company's net profit after tax of 2020, NT\$382,809,688, and share-based payment, NT\$2,096,920, the total distributable surplus of the current period is NT\$484,743,756. After appropriating the legal reserve NT\$38,071,277 and reversal of special reserve NT\$10,036,985, it is proposed to distribute NT\$371,246,170 as shareholder bonus in cash.
- 2. Cash dividends are distributed pro-rated until dollar. Any amount less than one dollar is eliminated. The total amount of fragmented dividends is recognized as the company's other income.
- 3. It is proposed that the general meeting should authorized the Chairman to have the full power not exceeding the above distribution amount if the distribution ratio has to be revised due to the changes in outstanding shares under this surplus distribution plan.
- 4. After this proposal is approved by the general meeting, the Chairman should be authorized to determine the record date and the payable date.

AAEON Technology Inc.
Statement of Retained Earnings
2020

Item	Amount (in NT\$)
Opening undistributed earnings	104,030,988
Current year net income after tax	382,809,688
The effects of long-term investments not recognized by shareholding percentage	-
Changes of the associates and joint ventures recognized under the Equity Method	-
Share-based payment	(2,096,920)
Profit after tax of current year and undistributed earnings other than profit after tax	380,712,768
Legal reserve appropriated	(38,071,277)
Special reserve reversed (appropriated)	10,036,985
Earnings to be allocated	456,709,464
Earnings distribution:	

Shareholder Bonus (NT\$2.5 per share in cash) (Note 1)	(371,246,170)
Closing undistributed earnings	85,463,294

Note 1: Calculated based on 148,498,468 outstanding shares on January 31, 2021.

Chairman:



Manager:



Accounting Supervisor:



Resolution:

Discussions

No. 1: Proposed by the Board

Proposal: It is proposed to distribute NTD0.5 per share in cash from additional paid-in capital.

Details:

- I. We propose to withdraw NTD74,249,234 from paid-in capital in excess of par value to pay cash dividends of NTD 0.5 to 148,498,468 outstanding shares on January 31, 2021 pursuant to Article 241 of the Company Act.
- II. Cash distribution by paid-in capital is made to the nearest dollar. Domicile places are eliminated. Any fractional shares with an amount less than one dollar are recognized as the Company's other income.
- III. For this cash distribution by paid-in capital, if the distribution ratio needs to be modified due to the change of the number of outstanding shares, we propose to the shareholders meeting to grant the full authorization to the Chairman within the above distribution amount.
- IV. After the shareholders meeting passes this proposal, the Chairman should be authorized to set the record date and payment date of cash distribution by additional paid-in capital.

Resolution:

No. 2: Proposed by the Board

Proposal: The amendment and reinstatement of the Company's "procedures of Lending Funds to Others."

Description: In order to comply with the amendments to certain provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by Financial Supervisory Commission, the Company's "procedures of Lending Funds to Others" are hereby amended. The current provisions and proposed amendments are compared as follows:

Clauses after the amendment		Cla	auses before the amendment	Notes
Article 1: Purpose		Article 1: Purpose		Text revision
(1)	These procedures are	(1)	These procedures are	
	established to provide		established to provide	
	guidelines to the Company		guidelines to the Company	
	and subsidiaries for lending		and subsidiaries for lending	
	funds to others to protect the		funds to others to protect the	
	Company's interests.		Company's interests.	
(2)	These processes are	(2)	These processes are amended	
	amended pursuant to Article		pursuant to Article 36-1 of the	
	36-1 of the Securities and		Securities and Exchange Act	
	Exchange Act and in		and in accordance with the	
	accordance with the		"Regulations	
	"Regulations		Governing Loaning of Funds	
	Governing Loaning of Funds		and Making of	
	and Making of		Endorsements/Guarantees	
	Endorsements/Guarantees		by Public Companies."	
	by Public Companies."			
Article	e 13: Regulations of lending	Article	e 13: Regulations of lending	Text revision
funds	by subsidiaries	funds	by subsidiaries	
(1)	•	(1)	A subsidiary should lend the	
	funds in accordance with the		funds in accordance with the	
	procedures, or its procedures		procedures, or its procedures	
	of lending funds to others.		of lending funds to others.	
(2)	<u> </u>	(2)	A subsidiary should establish	
	or amend its procedures of	or amend its procedures of		
lending funds to others in			lending funds to others in	
	accordance with the		accordance with the	
	"Regulations		"Regulations	
	Governing Loaning of Funds		Governing Loaning of Funds	
	and Making of		and Making of	
	Endorsements/Guarantees		Endorsements/Guarantees	
	by Public Companies," and		by Public Companies," and	
	submit to the subsidiary's		submit to the subsidiary's	
Board of directors for			Board of directors for	
	approval, and report to the		approval, and report to the	
	subsidiary's shareholders		subsidiary's shareholders	
	meeting.		meeting.	
	e 15: Implementation and		e 15: Implementation and	Adjusted the
Amen		Amen		wording
	The procedures should be		he procedures should be	of Paragraph 2
_	approved by the audit		pproved by the audit	pursuant to
commissioners, and passed by		C	ommissioners, and passed by	Article 14-3 of

Clauses after the amendment	Clauses before the amendment	Notes
the Board of directors and then	the Board of directors and then	the Securities
by the shareholders meeting. If	by the shareholders meeting. If	and Exchange
any director has any dissent	any director has any dissent and	Act.
and such dissent is recorded or	such dissent is recorded or	
expressed in writing, the	expressed in writing, the	
Company shall submit the	Company shall submit the	
dissent to the shareholders	dissent to the shareholders	
meeting for discussion. The	meeting for discussion. The	
same process applies to the	same process applies to the	
amendment to the procedures.	amendment to the procedures.	
The Company should give	The Company should give	
sufficient consideration to the	sufficient consideration to the	
opinions of each independent	opinions of each independent	
director when submitting the	director when submitting the	
procedures to the Board of	procedures to the Board of	
directors for discussion	directors for discussion pursuant	
pursuant to the foregoing	to the foregoing paragraph.	
paragraph. Any dissenting or	Their clear consenting or	
reserved opinions of an	dissenting opinion and the	
independent director should be	reason shall be specified in the	
specified in the meeting	meeting minutes.	
minutes	If the draft or amendment of	
If the draft or amendment of	these processes is not approved	
these processes is not approved	by more than the majority of the	
by more than the majority of	Audit Committee, the Company	
the Audit Committee, the	may seek the approval of more	
Company may seek the	than two-third of the directors	
approval of more than	and document the resolution of	
two-third of the directors and	the Audit Committee in the	
document the resolution of the	meeting minutes of the Board of	
Audit Committee in the	directors. The basis of	
meeting minutes of the Board	members and directors should	
of directors. The basis of	be those who are actually in	
members and directors should	office.	
be those who are actually in		
office.		

Resolution:

No. 3: Proposed by the Board

Proposal: The amendment and reinstatement of the Company's "Rules of procedures for Shareholders Meeting"

Description:

To comply with the provisions of the Company Act, Securities and Exchange Act and subordinate laws, and regulations of corporate governance of listed companies as amended during 2018 to 2020. The current provisions and proposed amendments are compared as follows:

Clauses after the amendment	Clauses before the amendment	Notes
Article 3	Article 3	
Paragraph 1 omitted.	Paragraph 1 omitted.	
The Company shall prepare	The Company shall prepare	1. Rearranged the
electronic versions of the	electronic versions of the	order of
shareholders meeting notice and	shareholders meeting notice and	paragraphs
proxy forms, and the origins of	proxy forms, and the origins of and	pursuant to the
and explanatory materials	explanatory materials relating to all	Rules of
relating to all proposals,	proposals, including proposals for	procedures for
including proposals for	ratification, matters for	Shareholders
ratification, matters for	deliberation, or the election or	Meeting.
deliberation, or the election or	dismissal of directors, and upload	
dismissal of directors, and	them to the Market	
upload them to the Market	Observation Post System (MOPS)	
Observation Post System	before 30 days before the date of a	
(MOPS) before 30 days before	regular shareholders meeting or	
the date of a regular shareholders	before 15 days before the date of a	
meeting or before 15 days before	special shareholders meeting. The	
the date of a special shareholders	Company shall prepare electronic	
meeting. The Company shall	versions of the shareholders	
prepare electronic versions of the	meeting agenda and supplemental	
shareholders meeting agenda and	meeting materials and upload them	
supplemental meeting materials	to the MOPS before 21 days before	
and upload them to the MOPS	the date of the regular shareholders	
before 21 days before the date of	meeting or before 15 days before	
the regular shareholders meeting	the date of the special shareholders	
or before 15 days before the date	meeting. In addition, before 15	
of the special shareholders	days before the date of the	
meeting. In addition, before 15	shareholders meeting, the	
days before the date of the	Company shall also have prepared	
shareholders meeting, the	the shareholders meeting agenda	
Company shall also have	and supplemental meeting	
prepared the shareholders	materials and made them available	
meeting agenda and	for review by shareholders at any	
supplemental meeting materials	time. The meeting agenda and	
and made them available for	supplemental materials shall also	
review by shareholders at any	be displayed at the Company and	
time. The meeting agenda and	the professional shareholder	
supplemental materials shall also	services agent designated thereby	
be displayed at the Company and	as well as being distributed on-site	
the professional shareholder	at the meeting place. The notice	
services agent designated thereby	and announcement of convening	
as well as being distributed	the board meeting can be made	

C1		NT /
Clauses after the amendment	Clauses before the amendment	Notes
on-site at the meeting place.	electronically with the consent of	
The notice and announcement of	the counterparty.	
convening the board meeting can		
be made electronically with the		
consent of the counterparty.		
Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 of the Company Act, in Articles 26-1 and 43-6 of the Securities and Exchange Act, in Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized as the causes in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice. The reasons for the convening of the shareholders meeting have indicated the full reelection of directors and supervisors, and the date of appointment. After the reelection of the shareholders	Where the meeting is called for the election or removal of any director, amendment to the Articles of Incorporation, dissolution, merger, spin-off of the Company, or any matter set forth in Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the reason must be specified in the meeting notice and cannot be proposed as an extempore motion.	 2. Revised the wording pursuant to the Rules of procedures for Shareholders Meeting. 3. Added pursuant to the Rules of procedures for Shareholders Meeting.
meeting is completed, the date of appointment shall not be changed by temporary motion or other means at the same meeting.		
Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders Meeting. However, it is limited to one proposal and any additional proposal presented will not be	Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders Meeting. However, it is limited to one proposal and any additional proposal presented will not be discussed in the meeting.	4. Revised according to the modification to Paragraph 5, Article 172 of the Company Act, and Letter Jing-Shang-Zhi

Clauses after the amendment	Clauses before the amendment	Notes
discussed in the meeting. The	The Board of directors may not	No.
Board of directors may not have	have the proposals presented by	10700105410.
the proposals presented by	shareholders that fall under the	
shareholders that fall under the	scope of Article 172-1 Paragraph 4	
scope of Article 172-1 Paragraph	of the Company Act included for	
4 of the Company Act included	discussion.	
for discussion. A shareholder		
may make a proposal to urge the		
corporation to promote public		
interests or fulfill its social		
responsibilities. The number of		
items so proposed, however, is		
limited to one item pursuant to		
Article 172-1 of the Company		
Act. Any proposal containing		
more than one item will be		
excluded from the meeting		
agenda.		
Omitted hereinafter.	Omitted hereinafter.	

Resolution:

No. 4: Proposed by the Board

Proposal: The amendment and reinstatement of the Company's "procedures for Election of Directors."

Description: To comply with the provisions of the Company Act, Securities and Exchange Act and subordinate laws, and regulations of corporate governance of listed companies as amended during 2018 to 2020. The current provisions and proposed amendments are compared as follows:

Clauses after the amendment	Clauses before the amendment	Notes
	Article 5	Renumbered the
Article <u>4</u> Omitted	Omitted	provision due to the
Offitted	Offitted	deletion of Article 4.
Article 5	Article 6	1. Renumbered the
Article 5 The election of the Commonw's		
The election of the Company's	The election of the Company's	provision and revised
directors shall be conducted in	independent director shall be	the wording due to the
accordance with the candidate	conducted in accordance with	deletion of Article 4.
nomination system procedures	the candidate nomination	
set out in Article 192-1 of the	system procedures set out in	
Company Act.	Article 192-1 of the Company	
When the number of directors	Act.	
falls below five due to the	When the number of directors	
dismissal of a director for any	falls below five due to the	
reason, the Company shall hold a	dismissal of a director for any	
by-election to fill the vacancy at	reason, the Company shall hold	
its next shareholders meeting.	a by-election to fill the vacancy	
When the number of directors	at its next shareholders meeting.	
falls short by one-third of the	When the number of directors	
total number prescribed by the	falls short by one-third of the	
Articles of Incorporation, the	total number prescribed by the	
Company shall convene a special	Articles of Incorporation, the	
shareholders meeting within 60	Company shall convene a	
days of the occurrence of that	special shareholders meeting	
fact for a by-election for	within 60 days of the	
director(s).	occurrence of that fact for a	
	by-election for director(s).	
When the number of	When the number of	2. Adjusted Paragraph 3
independent directors falls below	independent directors falls	pursuant to Letter
that required under the proviso	below that required under the	Jin-Guan-Zheng-Fa-Z
of Article 14-2, Paragraph 1 of	proviso of Article	hi No. 1070345233
the Securities and Exchange Act,	14-2, Paragraph 1 of the	dated December 19,
a by-election shall be held at the	Securities and Exchange Act, or	2018, which requests
next shareholders meeting to fill	the related provisions of the	all listed companies to
the vacancy. When all the	Taiwan Stock Exchange	appoint independent
independent directors are	Corporation rules governing the	directors.
dismissed, a special shareholders	review of listings, or	
meeting shall be called within 60	Subparagraph 8 of the	
days from the date of occurrence	Standards for Determining	
to hold a by-election to fill the	Unsuitability for GTSM Listing	
vacancies.	under Article 10, Paragraph 1 of	
	the GreTai Securities Market	

Article <u>6</u>	Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies. Article 7	Renumbered the
Omitted	Omitted	provision due to the deletion of Article 4.
Article 7 Omitted	Article 8 Omitted	Renumbered the provision due to the deletion of Article 4.
Article <u>8</u> Omitted	Article 9 Omitted	Renumbered the provision due to the deletion of Article 4.
Article <u>9</u> Omitted	Article 10 Omitted	Renumbered the provision due to the deletion of Article 4.
	Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.	Pursuant to FSC's Order Jin-Guan-Zheng-Jiao-Zhi No. 1080311451 dated April 25, 2019, all listed companies should adopt a nomination system for the election of directors and supervisors from 2021. Shareholders should elect the director or shareholder from the candidate list. Shareholders can be informed about the names, education records, and experience, and information about each candidate before the shareholders meeting. This article is deleted since it is not necessary to identify the candidate by means of the shareholder's account number or ID No.

 Article 10 Ballots are invalid in any of the following circumstances: 1. The ballot was not prepared by a person with the right to convene. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. The candidate whose name is entered in the ballot does not conform to the director candidate list. 5. Other words or marks are entered in addition to the number of voting rights received. 	Article 12 Ballots are invalid in any of the following circumstances: 1. The ballot was not prepared by the Board of directors. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform to those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the	 Adjusted the order of articles due to the deletion of Articles 4 and 11. Shareholders may, pursuant to Article 173 of the Company Act, convene the meeting after obtaining the approval of the competent authority under particular circumstances (such as the Board of directors fails to provide a notice of meeting.) Subparagraph 1 of this article is adjusted accordingly. Furthermore pursuant
· · · · · · · · · · · · · · · · · · ·		`
entered in addition to the number of voting rights	those given in the shareholder register, or the candidate whose name is entered in the ballot is a	provide a notice of meeting.) Subparagraph 1 of this article is adjusted
	cross-check shows that the candidate's name and	Furthermore, pursuant to FSC's Order
	identity card number do not match.	Jin-Guan-Zheng-Jiao- Zhi No. 1080311451
	5. Other words or marks are entered in addition to the	dated April 25, 2019, all listed companies
	candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.	should adopt the nomination system for the election of directors and supervisors from
	6. The name of the candidate entered in the ballot is	2021. Shareholders should elect the
	identical to that of another shareholder, but no shareholder account number	director or shareholder from the candidate list.
	or identity card number is provided in the ballot to identify such individual.	Subaragraphs 4 and 5 of this article are adjusted and Subaragraph 6 is deleted.
Article 11	Article 13	Adjusted the order of
Omitted	Omitted	articles due to the deletion of Articles 4 and 11.
Article <u>12</u> Omitted	Article 14 Omitted	Adjusted the order of articles due to the deletion of Articles 4 and 11.
Article <u>13</u> Omitted	Article 15 Omitted	Adjusted the order of articles due to the

	deletion of Articles 4 and
	11.

Resolution:

Extempore Motion

Adjournment

Appendix

INDEPENDENT AUDITORS' REPORT

(2021) Tsai-Shen-Bao-Tzi No.20003040

To the Board of Directors and Shareholders of AAEON Technology Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of AAEON Technology Inc. and its subsidiaries (the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, (please refer to the "Other Matters"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020; Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, 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 audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements in the current perod are stated as follows:

Existence for incorporating the revenues of top ten sales customers newly listed

Description

Refer to Note 4(29) for the accounting policies on revenue recognition, and Note 6(17) for the details of operating revenue.

The Group is primarily engaged in design, manufacturing and sales of industrial computers, medical computers and peripherals. Since product orders are affected by project cycles, needs to focus on entering new markets and accepting orders of new projects, there will be changes in the top ten customers. After comparing the top ten sales customers in the Taiwan in 2020 and 2019, the top ten sales customers newly listed has a significant impact on the consolidated operating revenue.

With that, we listed the existence for incorporating the revenues of the Group's top ten sales customers newly listed as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

- 1. Assess and test the financial statements, the internal control procedures of sales transactions are based on the Group's internal control system.
- 2. View the relevant industry background information of newly listed top ten sales customers.
- 3. Obtain and select relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Evaluation of inventories

Description

Refer to Note 4(12) for the accounting policies on the evaluation of inventories; Note 5 for the uncertainty of accounting estimate and assumptions for evaluation of inventories, and Note 6(5) for the details of inventory.

The Group is primarily engaged in design, manufacturing and sales of industrial computers, medical computers and peripherals. Given long production cycle of industrial computer and medical computer products, some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory devaluation or obsolescence. The Group's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceeds its age and are individually identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding the sales market and development strategies, the Group readily adjusts its stocking demands, with significant inventory balances as industrial computers and medical computers are the main products. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory devaluation is listed as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

- 1. Assess the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of the Group.
- 2. Inspect the managements individually identified out-of-date inventory list and checked the related supporting documents.
- 3. Test the basis of market value used in calculating the net realizable valued of inventory and validated the accuracy of net realizable value calculation of selected samples.

Impairment loss on investments accounted for under equity method

Description

Refer to Note 4(13) for accounting policies on investments accounted for under equity method; refer to Note 5 for the uncertainty of accounting estimates and assumptions of investments accounted for under equity method; refer to Note 6 (6) for the details of investments accounted for under equity method.

The Group's investment on IBASE TECHNOLOGY INC. (hereinafter referred to as "IBASE") under equity method is the recoverable amount estimated by calculating the value in use, and is used as the basis for impairment assessment. Since the assessment of value in use involves the management's subjective estimates of future cash flows and discounted cash flows at the appropriate discount rate. We believe that the aforementioned estimation of future cash flows and discount rates involves future forecasts, with high estimation uncertainty from the assumption which have a significant impact on the value of use. With that, the investment under equity method - IBASE's assessment on reduced premium is listed as one of the key audit matters.

How our audit addressed the matter

- 1. Understand and measure the corresponding policies and precedures of management for impairment loss, includes collecting internal and external resourse, long and short-term operational prospect mearsurement and industry change situation.
- 2. Obtain valuation report issued by the expert's nominated by the management of the Company, and performed audit procedures as follows:
 - (1) Review the expert qualification for assessing their independency, objectivity and competency.
 - (2) Assess the valuation model adopted by expert and the reasonableness of future cash flow based on our understanding of the operations and industry of IBASE.
 - (3) Assess the relevance and reasonableness of material assumption adopted by expert (including estimated revenue growth, gross profit margin, operating expense ratio and discount rate), and inspect the accuracy of calculation.

Other matters – Reference to the audits of other independent auditors

We did not audit the financial statement of certain investments accounted for under equity method. These investments accounted for under equity method amounted to \$3,969,157 thousand and \$3,987,493 thousand, constituting 41.44% and 41.20% of total assets as of December 31, 2020 and 2019, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$1,569 thousand and \$40,452 thousand, respectively, constituting for 0.33% and 6.27% of total comprehensive income for the years ended December 31,2020 and 2019, respectively. The financial statements of these investments accounted for under equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Other matters - Parent company only financial reports

We have audited and expressed an unmodified opinion with Other Matters section on the parent company only financial statements of AAEON Technology Inc. as of and for the years ended December 31, 2020 and 2019.

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 requirements of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, as endorsed by Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the

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

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

Independent auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, 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 internal control of the Group and its subsidiaries.
- 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 ability to continue as a going concern of the Group and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group and its subsidiaries to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 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 audits.

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 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

PwC Taiwan

Certified Public Accountant

Weng, Shih-Rong

Lin, Chun-Yao

Securities and Futures Commission, Ministry of Finance Approval reference: (1999) Tai-Tsai-Cheng (VI) No. 95577

Securities Commission, Ministry of Finance Approval reference: (1996) Tai-Tsai-Cheng (VI) No. 68702

February 26, 2021

Notes to Readers

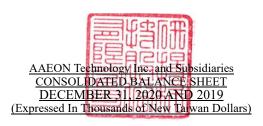
The accompanying consolidated financial statements are intended only to present the Consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdoctions.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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



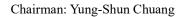
]	December 31, 2020	December 31, 2019 Amount %		
	Assets	Notes	_	Amount		% Amount	
	Current asset						
1100	Cash and cash equivalents	6. (1)	\$	2,727,931	28	\$ 2,516,971	26
1110	Financial asset at fair value through	n 6. (2)					
	profit or loss - current			456,957	5	508,167	5
1150	Net notes receivable	6. (4)		16,870	-	12,722	-
1170	Net accounts receivable	6. (4)		661,456	7	752,782	8
1200	Other receivables			21,773	-	22,119	-
130X	Inventories	6. (5)		826,311	9	938,977	10
1410	Prepayments			67,079	1	56,148	1
1479	Other current liabilities - other	8	_	15,467		2,348	
11XX	Total current assets			4,793,844	50	4,810,234	50
	Non-current assets						
1510	Financial assets at fair value through	6. (2)					
	profit or loss - non-current			68,639	1	64,157	1
1517	Financial assets at fair value through	6. (3)					
	other comprehensive income -						
	non-current			2,381	-	2,381	-
1550	Investments accounted for under	6. (6)					
	equity method			3,969,157	41	3,987,493	41
1600	Property, plant and equipment	6. (7), 8		564,531	6	595,882	6
1755	Right-of-use assets	6. (8)		33,139	-	59,305	1
1760	Investment property			54,057	1	58,370	-
1780	Intangible assets			24,669	-	23,993	-
1840	Deferred tax assets	6. (23)		50,626	1	62,563	1
1900	Other non-current assets			16,075		13,565	
15XX	Total non-current assets			4,783,274	50	4,867,709	50
1XXX	Total assets		\$	9,577,118	100	\$ 9,677,943	100

(Continued)



			1	December 31, 2020			December 31, 2019		
	Liabilities and equity	Notes		Amount	%		Amount		
	Current liability								
2100	Short-term borrowings	6. (9)	\$	38,875	1	\$	44,370	1	
2130	Contract liability - current	6. (17)		174,971	2		109,489	1	
2150	Notes payables			725	-		-	-	
2170	Accounts payables	7		327,414	4		483,480	5	
2200	Other payables	6. (11), and 7		385,235	4		386,887	4	
2230	Current tax liabilities			86,916	1		108,720	1	
2250	Provisions - current			27,366	-		37,937	-	
2280	Lease liability - current			20,509	-		39,151	1	
2399	Other current liabilities - other			26,709			24,364		
21XX	Total current liabilities			1,088,720	12		1,234,398	13	
	Non-current liabilities								
2527	Contract liability - non-current	6. (17)		59,844	1		69,000	1	
2550	Provisions - non-current			7,369	-		7,641	-	
2570	Deferred tax liabilities	6. (23)		33,389	-		27,060	-	
2580	Lease liability - non-current			13,560	-		21,091	-	
2670	Other non-current liabilities - other			1,783			2,240		
25XX	Total non-current liabilities			115,945	1	_	127,032	1	
2XXX	Total liabilities			1,204,665	13		1,361,430	14	
	Equity								
	Equity attributable to owners	of							
	parent	6 (1.4)							
2110	Share capital	6. (14)		1 404 005	1.0		1 404 005	1.5	
3110	Share capital-common stock	(15)		1,484,985	16		1,484,985	15	
2200	Capital surplus	6. (15)		5 472 002	5.0		5 240 750	5.5	
3200	Capital surplus	6 (1.6)		5,473,802	56		5,348,750	55	
2210	Retained earnings	6. (16)		207.552			222.560	2	
3310	Legal reserve			387,553	4		332,568	3	
3320	Special reserve			63,315	1		45,314	1	
3350	Undistributed retained earnings			484,744	5		652,212	7	
2.400	Other Equity		,	52.270)		,	(2.215)		
3400	Other Equity		(53,278)			63,315)		
31XX	1 0	to		7 041 1 0 1	0.0		7 000 514	0.1	
	owners of parent			7,841,121	82		7,800,514	81	
36XX	Non-controlling interests	4. (3)		531,332	5		515,999	5	
3XXX	Total equity			8,372,453	87	_	8,316,513	86	
	Significant contingent liabilities a								
	unrecognized contract commitment								
	Significant events after the balan	nce 11							
3X2X	sheet date Total liabilities and equity		\$	9,577,118	100	\$	9,677,943	100	
J1121	- com maximum and equity		4	7,577,110		Ψ	7,011,713		

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





Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang



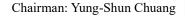
AAEON Technology Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (Expressed In Thousands of New Tajwan Dollars, Except Earnings Per Share)

		2020				2019		
	Item	Notes	. <u>-</u>	Amount	%	Amount	%	
4000	Operating income	6. (17), 7	\$	5,898,185	100	\$ 6,148,380	100	
5000	Operating cost	6. (5) (21)						
		(22), and 7	(3,967,732) (67)	(4,084,458) (66)	
5900	Operating profit			1,930,453	33	2,063,922	34	
	Operating expenses	6. (12)(21)(22)						
		and 7						
6100	Selling expense		(583,180) (10)	(607,197) (10)	
6200	General and administrative							
	expenses		(269,815) (4)	(247,057) (4)	
6300	Research and development							
	expenses		(464,753) (8)	(466,551) (8)	
6450	Expected credit impairment loss	12. (2)						
	or (gain)			7,887		(23,158)		
6000	Total operating expense		(1,309,861) (22)	(1,343,963) (22)	
6900	Operating income			620,592	11	719,959	12	
	Non-operating income an	d						
	expenses							
7100	Interest income			7,124	-	12,251	-	
7010	Other income	6. (18)		28,871	-	45,767	1	
7020	Other gains and losses	6. (19)	(34,744) (1)	17,876	-	
7050	Financial costs	6. (20)	(3,536)	-	(5,955)	-	
7060	Share of the profit of the	6. (6)						
	associates and joint ventures							
	accounted for under equity							
	method		(15,569)		40,530	1	
7000	Total non-operating incom	e						
	and expenses		(17,854) (1)	110,469	2	
7900	Profit before income tax			602,738	10	830,428	14	
7950	Income tax expense	6. (23)	(138,567) (_	2)	(162,183) (3)	
8200	Profit for the year		\$	464,171	8	\$ 668,245	11	
		(Continue					



				2020			2019		
	Item	Notes	-	Amount	%		Amount	%	
	Other comprehensive income	-							
	(loss)								
	Components of other comprehensive								
	income (loss) that will not be								
	reclassified to profit or loss								
8316	Unrealized losses from equity	6. (3)							
	instruments investments								
	measured at fair value through								
	other comprehensive income		\$	-	-	(\$	7,969)	-	
8320	Share of other comprehensive								
	income of associates and joint								
	ventures accounted for under								
	equity method - not to be								
	reclassified to profit or loss in								
	subsequent periods			20,672			2,864		
8310	Total amount not to be								
	reclassified to profit or loss								
	in subsequent periods			20,672		(5,105)		
	To be reclassified to profit or loss								
	in subsequent periods								
8361	Financial statements translation								
	differences of foreign operations		(11,831)	-	(18,327)	-	
8370	Share of other comprehensive	6. (6)							
	income of associates and joint								
	ventures accounted for under								
	equity method - to be								
	reclassified to profit or loss in								
	subsequent periods		(3,534)	-	(2,942)	-	
8399	Income tax relating to the	6. (23)							
	components of other								
	comprehensive income			2,365			3,680		
8360	Total amount to be								
	reclassified to profit or loss								
	in subsequent periods		(13,000)		(17,589)		
8500	Total comprehensive income		\$	471,843	8	\$	645,551	11	
	Net income attributable to:								
8610	Shareholders of the parent		\$	382,810	7	\$	552,152	9	
8620	Non-controlling interest			81,361	1		116,093	2	
			\$	464,171	8	\$	668,245	11	
	Total comprehensive income		-						
	attributable to:								
8710	Shareholders of the parent		\$	392,847	7	\$	534,151	9	
8720	Non-controlling interest			78,996	1		111,400	2	
	_		\$	471,843	8	\$	645,551	11	
	Basic earnings per share	6. (24)							
9750	Total basic earnings per share		\$		3.58	\$		5.17	
	Diluted earnings per share	6. (24)							
9850	Total diluted earnings per								
	share		\$		3.56	\$		5.13	
			<u> </u>						

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





Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang





Equity attributable to owners of parent Other Equity Retained Earnings Unrealized gains (losses) form financial Financial assets statements measured at translation fair value Undistributed differences of through other Remeasurements of Capital defined Non-controlling Common Special retained foreign comprehensiv Notes share capital surplus Legal reserve reserve earnings operations e income benefit plans Total interests Total For the year ended December 31, 2019 \$ 8,368,399 Balance at January 1, 2019 \$ 1,484,985 \$ 5,361,226 46,033 783,773 23,172) 1.645) 7,889,985 478,414 Profit fo the period 552,152 552,152 116,093 668,245 1,832) Other comprehensive income 15,683) 486) 18,001) 4,693) 22,694 552,152 15,683 1,832) 486 534,151 111,400 645,551 Total comprehensive income Appropriations of 2018 earnings: 6. (16) Legal reserve 73,286 73,286) 719 719 Reversal of special reserve Cash dividends 608,844) 608,844 608,844) Difference between consideration and carrying amount of subsidiaries acquired or disposed 6. (15) 19,899 19,899) 19,899 Effect from long-term investment that has not been recognized 6. (6) (15) based on shareholding percentage 5,877 669) 5,208 5,208 Change in associates and joint ventures accounted for under 6. (6) (15) 1,397) 1,397) 1,397 equity method Share-based Payment 6. (13) (15) 1,546 236) 1,310 1,310 Changes in non-controlling interests-cash dividends 65,018) (65,018) Changes in non-controlling interests - acquisition of additional 8,797 interests in subsidiaries 8,797) \$ 1,484,985 332,568 45,314 \$ 652,212 36,180) 2,131 515,999 Balance at December 31, 2019 \$ 5,348,750 25,004 \$ 7,800,514 \$ 8,316,513 For the year ended December 31, 2020 Balance at January 1, 2020 \$ 1,484,985 \$ 5,348,750 332,568 45,314 \$ 652,212 (\$ 36,180) (\$ 25,004) (\$ 2,131) \$ 7,800,514 515,999 \$ 8,316,513 382,810 Profit fo the period 382,810 81,361 464,171 Other comprehensive income 11,137) 21,174 10,037 2,365) 7,672 Total comprehensive income 382,810 21,174 392,847 78,996 11,137 471,843 Appropriations of 2019 earnings: 6. (16) Legal reserve 54,985 54,985) Special reserve 18,001 18,001) Cash dividends 475,195) 475,195) 475,195) Effect from long-term investment that has not been recognized $6.\,(6)\,(15)$ based on shareholding percentage 114) 114) 114 Change in associates and joint ventures accounted for under 6. (6) (15) 106,218 106,218 106,218 equity method Share-based Payment 6. (13) (15) 18,948 2,097) 16,851 2,355 19,206 Changes in non-controlling interests-cash dividends 66,018) 66,018 387,553 Balance at December 31, 2020 \$ 1,484,985 \$ 5,473,802 63,315 \$ 484,744 47,317) 3,830 2,131 \$ 7,841,121 \$ 531,332 \$ 8,372,453

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

Manager: Chien-Hung Lin

Chairman: Yung-Shun Chuang





Accounting Supervisor: Ren-Chun Wang



AAEON Technology Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (Expressed in thousands of New Taiwan Dollars)

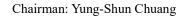
			For the years end	led Dece	ecember 31,	
	Notes		2020		2019	
Cash flows from operating activities						
Profit before tax		\$	602,738	\$	830,428	
Adjustments						
Adjustments to reconcile profit (loss)						
Depreciation expense	6 (7) (8) (21)		89,401		92,368	
Amortization expenses	6 (21)		13,148		6,296	
Expected credit impairment losses (gains)	12 (2)	(7,887)		23,158	
Costs of share-based payment awards	6 (13)		19,206		1,310	
Interest income		(7,124)	(12,251)	
Dividends income	6 (18)	(17,348)	(32,410)	
Interest expenses	6 (8) (9) (20)		3,536		5,955	
Net loss (gains) from financial assets and	6 (2) (10) (19)					
liabilities at fair value through profit or loss			55,316	(25,189)	
Losses on disposal of property, plant and	6 (19)					
equipment			27		98	
Depreciation expense of investment						
property (other gains and losses)			5,177		5,707	
Share of profit of associates accounted for	6 (6)					
under equity method			15,569	(40,530)	
Changes in operating assets and liabilities						
Net changes in operating assets						
Financial assets and liabilities at fair						
value through profit or loss		(8,588)		35,362	
Notes and accounts receivable			95,237		54,633	
Other receivables			628	(1,610)	
Inventories			112,666		1,375	
Prepayments		(10,931)	(3,967)	
Net changes in operating liabilities						
Contract liability			56,326		9,123	
Notes and accounts payable		(155,341)	(84,963)	
Other payables		(840)		16,498	
Other current liabilities			2,345		6,220	
Provisions for liabilities		(10,843)	(8,099)	
Other non-current liabilities		(457)	(156)	
Net cash from operating activities			851,961		879,356	
Interest received			7,124		12,251	
Interest paid	6 (8)	(3,536)	(5,955)	
Income taxes paid		(139,458)	(146,106)	
Net cash flows from operating activities			716,091		739,546	

(Continued)



			For the years ended December 31,					
	Notes		2020		2019			
Cash flows from investing activities								
Acquired financial assets at fair value through								
profit or loss		\$	-	(\$	34,656)			
Decrease (increase) in other current assets		(13,119)		415			
Acquisition of investments accounted for under equity method	6 (6)	(27,951)	(673)			
Acquisition of property, plant and equipment	6 (25)	(20,077)	`	19,720)			
Disposal of property, plant and equipment	,	`	354	`	478			
Acquisition of intangible asset		(12,707)	(22,347)			
Increase in other non-current assets		(4,688)	(9,454)			
Dividends received			171,307		173,277			
Net cash flows from investing activities			93,119		87,320			
Cash flows from financing activities								
Decrease in short-term borrowings	6 (26)	(3,275)	(22,257)			
Repayment of lease principal	6 (8) (26)	(45,766)	(44,492)			
Acquired shareholding of subsidiary			-	(28,696)			
Changes in non-controlling interests - cash	4 (3)							
dividends for non-controlling interests		(66,018)	(65,018)			
Cash dividends paid	6 (16)	(475,195)	(608,844)			
Net cash flows from financing activities		(590,254)	(769,307)			
Effects due to changes in exchange rate		(7,996)	(6,766)			
Increase (decrease) in cash and cash equivalents			210,960		50,793			
Cash and cash equivalents at the beginning of								
periods			2,516,971		2,466,178			
Cash and cash equivalents at the end of periods		\$	2,727,931	\$	2,516,971			

The accompanying notes are an integral part of these consolidated financial statements





Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang



Independent Auditors' Report

(2021)Tsai-Shen-Bao-Tzi No. 20003009

To the Board of Directors and Shareholders of AAEON Technology Inc.

Opinion

We have audited the accompanying separate balance sheets of AAEON Technology Inc. (the "AAEON") as of December 31, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31,2020 and 2019, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of AAEON as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of AAEON in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of the other independent auditors, 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 separate financial statements of the current period. These matters were addressed in the context of our audits of the separate financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the separate financial statements in the current period are stated as follows:

Existence for incorporating the revenues of top ten sales customers newly listed

Description

Refer to Note 4(22) for the accounting policies on revenue recognition, and Note 6(14) for the details of operating revenue.

AAEON is primarily engaged in the design, manufacturing and sales of industrial computers and peripherals. Since product orders are affected by project cycles, the Company needs to focus on entering new markets and accepting orders of new projects, there will be changes in the top ten customers. After comparing the top ten sales customers in the Taiwan in 2020 and 2019, the incorporation of newly listed top ten sales customers has a significant impact on the Company's operating revenue. With that, we listed the existence for incorporating the revenues of AAEON's newly listed top ten sales customers as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in AAEON and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follow:

- 1. Assess and test the financial statements, the internal control procedures of sales transactions are based on the Company's internal control system.
- 2. View the relevant industry background information of newly listed top ten sales customers.
- 3. Obtain and select relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Evaluation of inventories

Description

Refer to Note 4(9) for the accounting policies on the evaluation of inventories; Note 5 for the uncertainty of accounting estimate and assumptions for evaluation of inventories, and Note 6(4) for the details of inventory.

AAEON is primarily engaged in the design, manufacturing and sales of industrial computers and peripherals. Given long production cycle of industrial computer products, and that some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory devaluation or obsolescence. AAEON's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceeds its age and are individually identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding the sales market and development strategies, AAEON readily adjusts its stocking demands, with significant inventory balances as industrial computers are the main products. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory devaluation is listed as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in AAEON and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follow:

- 1. Assess the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of AAEON.
- 2. Inspect the managements individually identified out-of-date inventory list and checked the related supporting documents.
- 3. Test the basis of market value used in calculating the net realizable valued of inventory and validated the accuracy of net realizable value calculation of selected samples.

Impairment loss on investments accounted for under equity method

Description

Refer to Note 4(10) for accounting policies on investments accounted for under equity method; refer to Note 5 for the uncertainty of accounting estimates and assumptions of investments accounted for under equity method; refer to Note 6 (5) for the details of investments accounted for under equity method.

AAEON's investment premium on IBASE TECHNOLOGY INC. (hereinafter referred to as "IBASE") under equity method is the recoverable amount estimated by calculating the value in use, and is used as the basis for impairment assessment. Since the assessment of value in use involves the management's subjective estimates of future cash flows and discounted cash flows at the appropriate discount rate. we believe that the aforemented estimation of future cash flows and discount rates involves future forecasts, with high estimation uncertainty from the assumption which have a significant impact on the value of use. With that, the investment accounted for under equity method - IBASE's assessment on reduced premium is listed as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed for the above matter are as follow:

- 1. Understand and measure the corresponding policies and precedures of management for impairment loss, includes collecting internal and external resourse, long and short-term operational prospect mearsurement and industry change situation.
- 2. Obtain valuation report issued by the expert's nominated by the management of the Company, and performed audit procedures as follows:
 - (1) Review the expert qualification for assessing their independency, objectivity and competency.
 - (2) Assess the valuation model adopted by expert and the reasonableness of future cash flow based on our understanding of the operations and industry of IBASE.
 - (3) Assess the relevance and reasonableness of material assumption adopted by expert (including estimated revenue growth, gross profit margin, operating expense ratio and discount rate), and inspect the accuracy of calculation.

Other matters - reference to the audits of other independent auditors

We did not audit the financial statement of certain investments accounted for under equity method. These investments accounted for under equity method amounted to \$3,432,055 thousand and \$3,481,907 thousand, constituting 40.04% and 39.87% of total assets as of December 31, 2020 and 2019, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to (\$31,129) thousand and \$20,804 thousand, respectively, constituting for (7.92%) and 3.89% of total comprehensive income for the years ended December 31,2020 and 2019, respectively. The financial statements of these investments accounted for under equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Responsibilities of management and those charged with governance for the separate financial statements

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

In preparing the separate financial statements, management is responsible for assessing the ability to AAEON 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 AAEON or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of AAEON.

Independent auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separte financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

- 1. Identify and assess the risks of material misstatement of the individual 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 internal control of AAEON.
- 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 ability of AAEON to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 auditor's report. However, future events or conditions may cause AAEON to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the separate 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 AAEON to express an opinion on the separate 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 audits.

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 separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

PwC Taiwan

Certified Public Accountant

Weng, Shih-Jung

Lin, Chun-Yao

Securities and Futures Commission, Ministry of Finance Approval reference: (1999) Tai-Tsai-Cheng (VI) No. 95577

Securities Commission, Ministry of Finance Approval reference: (1996) Tai-Tsai-Cheng (VI) No. 68702

February 26, 2021

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.



			December 31, 2020		December 31, 2019	
	Assets	Notes	 Amount		Amount	
	Current asset					
1100	Cash and cash equivalents	6 (1)	\$ 2,131,484	25	\$ 1,898,190	22
1110	Financial asset at fair value thro	ugh 6 (2)				
	profit or loss - current		390,461	5	450,946	5
1150	Net notes receivable	6 (3)	-	-	1,685	-
1170	Net accounts receivable	6 (3)	194,816	2	348,308	4
1180	Accounts receivable - net amoun	t of 7				
	related party		221,383	3	311,180	4
1200	Other receivables	7	18,314	-	9,816	-
130X	Inventories	6 (4)	553,939	6	637,016	7
1410	Prepayments		 28,704		25,021	
11XX	Total current assets		 3,539,101	41	3,682,162	42
	Non-current assets					
1510	Financial asset at fair value thro	ugh 6 (2)				
	profit or loss - non-current		30,378	-	30,288	1
1550	Investments accounted for ur	nder 6 (5)				
	equity method		4,576,864	54	4,551,721	52
1600	Property, plant and equipment	6 (6)	360,601	4	374,734	4
1755	Right-of-use assets	6 (7)	2,336	-	20,590	-
1780	Intangible assets		19,421	-	23,435	-
1840	Deferred tax assets	6 (21)	33,717	1	46,003	1
1900	Other non-current assets		 8,447		4,879	
15XX	Total non-current assets		 5,031,764	59	5,051,650	58
1XXX	Total assets		\$ 8,570,865	100	\$ 8,733,812	100

(Continued)



				December 31, 2020			December 31, 2019		
	Liabilities and equity	Notes	_	Amount	<u>%</u>		Amount	<u>%</u>	
	Current liability								
2130	Contract liability - current	6 (14)	\$	80,279	1	\$	59,714	1	
2170	Accounts payables			171,059	2		285,863	3	
2180	Accounts payables - related party	7		63,227	1		107,941	1	
2200	Other payables	6 (8), 7		286,319	3		294,022	4	
2230	Current tax liabilities			40,349	1		74,753	1	
2250	Provisions - current			20,694	-		29,195	-	
2280	Lease liability - current			2,397	-		18,461	-	
2399	Other current liabilities - other		-	22,326			20,482		
21XX	Total current liabilities			686,650	8		890,431	10	
	Non-current liabilities								
2527	Contract liability - non-current	6 (14)		6,773	-		7,902	-	
2550	Provisions - non-current			5,427	-		5,276	-	
2570	Deferred tax liabilities	6 (21)		30,601	1		27,000	1	
2580	Lease liability - non-current			-	-		2,396	-	
2600	Other non-current liabilities			293			293		
25XX	Total non-current liabilities			43,094	1		42,867	1	
2XXX	Total liabilities			729,744	9		933,298	11	
	Equity								
	Share capital	6 (11)							
3110	Share capital-common stock			1,484,985	17		1,484,985	17	
	Capital surplus	6 (12)							
3200	Capital surplus			5,473,802	63		5,348,750	61	
	Retained earnings	6 (13)							
3310	Legal reserve			387,553	5		332,568	4	
3320	Special reserve			63,315	1		45,314	-	
3350	Undistributed retained earnings			484,744	6		652,212	7	
	Other equity								
3400	Other equity		(53,278) (1)	()	63,315)		
3XXX	Total equity			7,841,121	91		7,800,514	89	
	Significant contingent liabilities and	9							
	unrecognized contract commitments								
	Significant events after the balance	ce 11							
	sheet date								
3X2X	Total liabilities and equity		\$	8,570,865	100	\$	8,733,812	100	

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang





SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

				2020			2019		
	Item	Notes		Amount	%		Amount	0	%
4000	Operating revenue	6 (14), 7	\$	4,085,537	100	\$	4,265,294		100
5000	Operating costs		(2,973,411) ((3,083,934)	(72)
5900	Gross profit from operations			1,112,126	27		1,181,360		28
5910	Unrealized profit from sales		(31,744) ((1)	(44,250)	(1)
5920	Realized profit from sales			44,250	1		28,769		
5950	Gross profit form operations, net			1,124,632	27		1,165,879		27
	Operating expenses	6 (9) (19) (20)	·	_					
		and 7							
6100	Selling expense		(172,002) (212,828)	(5)
6200	General and administrative expenses		(128,213) ((110,898)	(2)
6300	Research and development expenses		(377,457) ((10)	(379,608)	(9)
6450	Expected credit impairment loss or	12 (2)							
	(gain)			1,659		(1,212)		
6000	Total operating expense		(676,013) (<u> 17</u>)	(704,546)	(<u>16</u>)
6900	Operating income			448,619	10		461,333		11
	Non-operating income and expenses								
7100	Interest income	6 (15)		5,944	-		10,006		-
7010	Other income	6 (16)		21,043	1		35,667		1
7020	Other gains and losses	6 (17) and 7	(78,001) ((2)	(3,441)		-
7050	Financial costs	6 (18)	(278)	-	(772)		-
7070	Share of the profit of the subsidiaries,								
	associates and joint ventures accounted			0.4.0=0					_
	for under equity method			84,270	2		155,576		3
7000	Total non-operating income and			22.050			10=026		
	expenses		_	32,978	1		197,036		15
7900	Profit before income tax	< (2.1)	,	481,597	11	,	658,369		
7950	Income tax expense	6 (21)	(98,787) ((2)	(106,217)	(2)
8200	Profit for the year Other comprehensive income (loss)		\$	382,810	9	\$	552,152		13
8330	Components of other comprehensive income (loss) that will not be reclassified to profit or loss Share of other comprehensive income of								
	associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods		<u>\$</u>	21,095	1	(<u>\$</u> _	1,516)		<u>-</u>
8310	Total other comprehensive income (loss) that will not be reclassified to								
	profit or loss			21,095	1	(1,516)		
	Components of other comprehensive		_	21,075		_	1,510)		
	income that will be reclassified to profit								
	or loss								
8361	Financial statements translation								
	differences of foreign operations		(9,368)	_	(16,747)		-
8380	Share of other comprehensive income of					`	,		
	associates and joint ventures accounted								
	for under equity method - to be								
	reclassified to profit or loss		(3,175)	-	(2,865)		-
8399	Income tax relating to the components of	6 (21)							
	other comprehensive income			1,485			3,127		
8360	Total amount to be reclassified to								
	profit or loss in subsequent periods		(11,058)		(16,485)		
8500	Total comprehensive income		\$	392,847	10	\$	534,151		13
									_
	Basic earnings per share	6 (22)							
9750	Basic earnings per share		\$		3.58	\$			5.17
	Diluted earnings per share	6 (22)							
9850	Diluted earnings per share		\$		3.56	\$			5.13

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang





SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed In Thousands of New Taiwan Dollars, except as otherwise indicated)

					Retained Earnings			Other Equity		
	Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
For the years ended December 31, 2019										
Balance at January 1, 2019		\$ 1,484,985	\$ 5,361,226	\$ 259,282	\$ 46,033	\$ 783,773	(\$ 20,497)	(\$ 23,172)	(\$ 1,645)	\$ 7,889,985
Profit for the period		-	-	-	-	552,152	- 15 (02.)	- 1.022 \	- 406)	552,152
Other comprehensive income						552,152	(15,683)	(1,832)	(486)	(18,001)
Total comprehensive income Appropriations of 2018 earnings	6 (13)					332,132	(15,683_)	(1,832_)	(486)	534,151
Appropriations of 2018 earnings Legal reserve	0 (13)	_	_	73,286	_	(73,286)	_	_	_	_
Reversal of special reserve		-	-	75,200	(719)	73,280)	_	-	-	- -
Cash dividends		-	_	-		(608,844)	_	-	_	(608,844)
Difference between consideration and carrying	6 (12)					,				,
amount of subsidiaries acquired or disposed		-	(19,899)	-	-	-	-	-	-	(19,899)
Effect from long-term investment that has not	6 (12)									
been recognized based on shareholding										
percentage		-	5,877	-	-	(669)	-	-	-	5,208
Change in associates and joint ventures accounted for under equity method						(1,397)				(1,397)
Share-based Payment	6(10)(12)		1,546			(236)	_	_	_	1,310
Balance at December 31, 2019	0(10)(12)	\$ 1,484,985	\$ 5,348,750	\$ 332,568	\$ 45,314	\$ 652,212	(\$ 36,180)	(\$ 25,004)	(\$ 2,131)	\$ 7,800,514
For the years ended December 31, 2020		1,101,700	<u> </u>	<u> </u>	<u> </u>	<u> </u>	(50,100)	(25,001	(7,000,011
Balance at January 1, 2020		\$ 1,484,985	\$ 5,348,750	\$ 332,568	\$ 45,314	\$ 652,212	(\$ 36,180)	(\$ 25,004)	(\$ 2,131)	\$ 7,800,514
Profit for the period		,,	-	-	- 10,000	382,810	-	-		382,810
Other comprehensive income		-	-	-	-	-	(11,137)	21,174	_	10,037
Total comprehensive income						382,810	(11,137)	21,174		392,847
Appropriations of 2019 earnings	6 (13)									
Legal reserve		-	-	54,985	-	(54,985)	-	-	-	-
Special reserve		-	-	-	18,001	(18,001)	-	-	-	-
Cash dividends		-	-	-	-	(475,195)	-	-	-	(475,195)
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (12)		(114)							(114)
Change in associates and joint ventures accounted for	6 (12)	-	(114)	-	-	-	-	-	-	(114)
under equity method	0 (12)	-	106,218	_	-	-	-	-	-	106,218
Share-based Payment	6 (10) (12)		18,948			(2,097)				16,851
Balance at December 31, 2020		\$ 1,484,985	\$ 5,473,802	\$ 387,553	\$ 63,315	\$ 484,744	(\$ 47,317)	(\$ 3,830)	(\$ 2,131)	\$ 7,841,121

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Ren-Chun Wang





Notes 2020 2019				For the years end	led Decer	December 31,		
Profit before tax		Notes						
Adjustments or reconcile profit (loss) Depreciation expenses 6. (6) (7) (19) 41,791 47,377 Amortization expenses 6. (19) 11,635 5,052 Expected credit impairment losses (gains) 12. (2) (1,659) 1,212 Costs of share-based payment awards 6. (10) 12,285 1,127 Interest income 6. (15) (5,944) (10,006) Dividend income 6. (16) (15,725) (31,335) Interest expenses 6. (7) (18) 278 772 Net loss from financial assets and liabilities at fair value through profit or loss Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss Notes and accounts receivable (including related parties) (8,498) (4,761) Inventories (8,498) (4,761) Net changes in operating liabilities Contract liability (19,436 (17,172) Notes and accounts payable (including related parties) (19,436 (17,172) Notes and accounts payable (including related parties) (8,999) (4,259) Other current liabilities (8,350) (408) Net cash from operating activities (8,999) (4,259) Other current liabilities (8,350) (408) Net cash from operating activities (5,944 (10,006) Interest received (115,819) (96,637)	Cash flows from operating activities							
Depreciation expenses 6. (6) (7) (19)	Profit before tax		\$	481,597	\$	658,369		
Depreciation expenses	Adjustments							
Amortization expenses 6. (19) 11,635 5,052 Expected credit impairment losses (gains) 12. (2) (1,659) 1,212 Costs of share-based payment awards 6. (10) 12,285 1,127 Interest income 6. (10) 12,285 1,127 Interest income 6. (16) (5,944) (10,006) Dividend income 6. (16) (15,725) (31,335) Interest expenses 6. (7) (18) 278 772 Net loss from financial assets and liabilities at 6. (2) (17) fair value through profit or loss Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss Notes and accounts receivable (including related parties) (8,498) (4,761) Inventories (8,498) (4,761) Inventories (8,3077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities Contract liability (19,436 (17,172) Notes and accounts payable (including related parties) (8,999) 4,259 Other payables (8,999) 4,259 Other current liabilities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities (5,944 10,006 Interest paid (6, 07) (278) (772) Income taxes paid	Adjustments to reconcile profit (loss)							
Expected credit impairment losses (gains) 12. (2) (1,659) 1,212 Costs of share-based payment awards 6. (10) 12,285 1,127 Interest income 6. (15) (5,944) (10,006) Dividend income 6. (16) (15,725) (31,335) Interest expenses 6. (7) (18) 278 772 Net loss from financial assets and liabilities at fair value through profit or loss Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss Notes and accounts receivable (including related parties) (8,498) (4,761) Inventories (8,498) (4,761) Inventories (3,683) (4,557) Net changes in operating liabilities Contract liability (19,436 (17,172) Notes and accounts payable (including related parties) (8,999) (4,259) Other current liabilities (8,999) (4,259) Other current liabilities (8,999) (4,259) Other current liabilities (8,350) (408) Net cash from operating activities (8,994) (4,89) Net cash from operating activities (8,994) (4,89) Net cash from operating activities (8,994) (4,89) Net cash from operating activities (8,994) (4,89) Net cash from operating activities (8,994) (4,89) Net cash from operating activities (5,944) (10,006) Interest paid (6. (7) (278) (772) Income taxes paid	Depreciation expenses	6. (6) (7) (19)		41,791		47,377		
Costs of share-based payment awards	Amortization expenses	6. (19)		11,635		5,052		
Interest income	Expected credit impairment losses (gains)	12. (2)	(1,659)		1,212		
Dividend income 6. (16) (15,725) (31,335) Interest expenses 6. (7) (18) 278 772 Net loss from financial assets and liabilities at 6. (2) (17) fair value through profit or loss 71,610 9,031 Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 Changes in operating assets and liabilities Net changes in operating assets and liabilities Notes and accounts receivable (including related parties) 246,633 (81,644) (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities (8,498) (4,761) Inventories (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities (8,999) 4,259 Other current liabilities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities (8,944) (10,006) Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Costs of share-based payment awards	6. (10)		12,285		1,127		
Interest expenses 6. (7) (18) 278 772 Net loss from financial assets and liabilities at 6. (2) (17) fair value through profit or loss 71,610 9,031 Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 Changes in operating assets and liabilities Net changes in operating assets	Interest income	6. (15)	(5,944)	(10,006)		
Net loss from financial assets and liabilities at fair value through profit or loss 71,610 9,031 Share of profit of associates accounted for under equity method (84,270) (155,576) 155,576) Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 15481 Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) 4,761) Other receivables (8,498) (4,761) 4,761) Inventories 83,077 9,404 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities (159,518) (53,287) Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other payables (8,999) 4,259 Other current liabilities (8,999) 4,259 Other current liabilities (8,989) 4,259 Net cash from operating activities 649,819 438,247 Interest paid 6. (7) (278) (772)	Dividend income	6. (16)	(15,725)	(31,335)		
fair value through profit or loss 71,610 9,031 Share of profit of associates accounted for under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities (3,683) (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities (8,999) 4,259 Other current liabilities (8,999) 4,259 Other ordination of liabilities (8,999) 4,259 Other physions for liabilities (8,999) 4,259 Other current liabilities (8,999) 4,259 Other physions for liabilities (8,999) 4,259	Interest expenses	6. (7) (18)		278		772		
Share of profit of associates accounted for under equity method (84,270) (155,576)	Net loss from financial assets and liabilities at	6. (2) (17)						
under equity method (84,270) (155,576) Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 Changes in operating assets and liabilities (12,506) 15,481 Net changes in operating assets (11,215) 36,738 Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 (9,404) Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other payables (8,999) 4,259 Other current liabilities 1,844 (8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities </td <td>fair value through profit or loss</td> <td></td> <td></td> <td>71,610</td> <td></td> <td>9,031</td>	fair value through profit or loss			71,610		9,031		
Realised (gain) loss on inter-affiliate accounts (12,506) 15,481 Changes in operating assets and liabilities (11,250) 15,481 Net changes in operating assets (11,215) 36,738 Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) 4,761) Other receivables (8,498) (4,761) 1,761) Inventories 83,077 9,404 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities (8,999) 4,259 Other current liabilities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities 649,819 (38,247) Interest received 5,944 (10,006) Interest paid 6. (7) (278) (772) Income taxes paid 6. (7) (278) (96,637) <td>Share of profit of associates accounted for</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Share of profit of associates accounted for							
Changes in operating assets and liabilities Net changes in operating assets Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) (8,498) (4,761) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities Tontract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	under equity method		(84,270)	(155,576)		
Net changes in operating assets Financial assets at fair value through profit or loss loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities Tontract liability Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Realised (gain) loss on inter-affiliate accounts		(12,506)		15,481		
Financial assets at fair value through profit or loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Changes in operating assets and liabilities							
loss (11,215) 36,738 Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities (19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Net changes in operating assets							
Notes and accounts receivable (including related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities (8,350) (408) Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637) Other current liabilities (115,819) (96,637) Income taxes paid (115,819) (96,637) Other current liabilities (115,819) (96,637) Other current liabilitie	Financial assets at fair value through profit or							
related parties) 246,633 (81,644) Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities (8,999) 4,259 Other current liabilities (8,350) (408) Net cash from operating activities (8,350) (408) Net cash from operating activities (5,944 10,006) Interest paid (278) (772) Income taxes paid (115,819) (96,637)	loss		(11,215)		36,738		
Other receivables (8,498) (4,761) Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6.(7) (278) (772) Income taxes paid (115,819) 96,637)	Notes and accounts receivable (including							
Inventories 83,077 9,404 Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	related parties)			246,633	(81,644)		
Prepayments (3,683) (4,557) Net changes in operating liabilities 19,436 (17,172) Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Other receivables		(8,498)	(4,761)		
Net changes in operating liabilities 19,436 (17,172) Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Inventories			83,077		9,404		
Contract liability 19,436 (17,172) Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 (8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 (438,247 Interest received 5,944 (10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Prepayments		(3,683)	(4,557)		
Notes and accounts payable (including related parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Net changes in operating liabilities							
parties) (159,518) (53,287) Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Contract liability			19,436	(17,172)		
Other payables (8,999) 4,259 Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) 408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Notes and accounts payable (including related							
Other current liabilities 1,844 8,171 Provisions for liabilities (8,350) (408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	parties)		(159,518)	(53,287)		
Provisions for liabilities (8,350) 408) Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Other payables		(8,999)		4,259		
Net cash from operating activities 649,819 438,247 Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Other current liabilities			1,844		8,171		
Interest received 5,944 10,006 Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Provisions for liabilities		(8,350)	(408)		
Interest paid 6. (7) (278) (772) Income taxes paid (115,819) (96,637)	Net cash from operating activities			649,819		438,247		
Income taxes paid (115,819_) (96,637_)	Interest received			5,944		10,006		
Income taxes paid (115,819_) (96,637_)	Interest paid	6. (7)	(278)	(772)		
	_		(115,819)	(
	Net cash flows from operating activities		`	539,666	`	350,844		

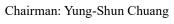
(Continued)



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

	For the years ended December 31,					
Notes		2020		2019		
	\$	-	(\$	28,696)		
		-		294		
6. (23)	(7,093)	(7,112)		
	(7,055)	(22,347)		
	(5,151)	(7,145)		
		206,582		212,922		
		187,283		147,916		
6. (13)	(475,195)	(608,844)		
6. (7)	(18,460)	(19,388)		
	(493,655)	(628,232)		
		233,294	(129,472)		
		1,898,190		2,027,662		
	\$	2,131,484	\$	1,898,190		
	6. (23) 6. (13)	6. (23) ((((6. (13) (6. (7) (Notes 2020 \$ - 6. (23)	Notes 2020		

The accompanying notes are an integral part of these separate financial statements.









AAEON Technology Inc.

Procedures of Lending Funds to Others.

Revision Date: June 30, 2016

Article 1: Purpose

- (1) These procedures are established to provide guidelines to the Company and subsidiaries for lending funds to others to protect the Company's interests.
- (2) These processes are amended pursuant to Article 36-1 of the Securities and Exchange Act and in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

Article 2: Scope of application

The Company and any subsidiary should follow these procedures for lending funds to others.

Article 3: Borrower

The Company and any subsidiary may lend the funds to others as required for the operation, provided, however, that the borrower is not a shareholder or a third party unless:

- (1) Businesses that the Company has business dealing with.
- (2) A company or firm with the necessity of the short-term financing funds. The duration of "short-term" refers to a period of one year or one business cycle (whichever is longer.)

Article 3-1: Reason and Necessity of Lending Funds to Others

When the engagement in loaning of funds with other companies or firms is derived from the business relationship, the Company shall comply with the regulations stated in Paragraph 2 of Article 4. The loaning caused by the necessity of short-term financing funds shall be limited to the following situations:

- (1) The above situation applies only to businesses in which the Company holds more than 50% ownership interest, and that short-term funding is deemed necessary to support business activities.
- (2) The other company or firm needs the short-term financing for procurement of materials or working capital.
- (3) Other parties that are approved by the Board of directors of the Company.

Article 4: The Aggregate Amount of Loans and the Maximum Amount Permitted to a Single Borrower

- (1) Restrictions on Aggregate Amount of Loans:
 - 1. The aggregate amount of loans made to a borrower who has a business relationship with the Company may not exceed forty percent of the Company's net worth.
 - 2. The aggregate amount of loans made to a borrower who is in need of short-term financing from the Company may not exceed forty percent of the Company's net worth.
- (2) Maximum Amount Permitted to a Single Borrower
 - 1. The amount of a loan made to a borrower who has business relationship with the Company may not exceed the value of business transactions between the parties. Value of business transaction refers to the amount of purchase or sale between two parties, whichever the higher.
 - 2. The amount of a loan made to a borrower who is in need of short-term financing from the Company may not exceed twenty percent of the Company's net worth.

Article 5: Responsible Unit

The processes of lending funds shall be handled by the financial unit unless otherwise specified.

Article 6: Loan Period

Each loan period shall not exceed one year.

Article 7: Calculation of Interests

- (1) Daily interest: Daily balance of outstanding loans (i.e. accumulated amount) multiplied by the applicable annual interest rate, then divided by 365. The annual interest rate should be, at the minimum, the base rate of short-term loans of the Bank of Taiwan on the loan date plus one percent, or the capital cost of the Company.
- (2) Loan interests should be deducted from the loaned amount unless otherwise specified.

Article 8: Loan Process

(1) Application:

The borrower should submit the application form or official letter to the financial unit of the Company or the subsidiary to request for lending of funds, and specify the amount, period and purpose.

(2) Credit assessment:

- 1. A first-time borrower should provide basic information to the Company or the subsidiary's financial unit for credit assessment.
- 2. A return borrower will be subject to annual credit assessment.
- 3. If the borrower's financial condition is healthy, and its annual financial statements are audited by the CPA for financing, then the CPA's audit report can be referenced to.
- 4. The credit assessment on the borrower by the financial unit should at least cover:
 - (1) The necessity and reasonableness of the lending of funds.
 - (2) To measure the necessity of the lending amount based on the financial position of the counterparty of the lending.
 - (3) Whether the accumulated amount of lending is still within the limit.
 - (4) Impact on the Company's business operations, financial condition, and shareholders' equity.
 - (5) Whether to require collateral, and the valuation of the collateral.
 - (6) Attach the borrower's credit assessment and risk evaluation records.

(3) Loan Approval:

- 1. After the credit check or assessment is completed, if the borrower is with poor credit, or, if the purpose of the loan is improper and the loan is not granted, the authorized handling staff shall reply to the borrower with the reason for turning down the loan application as soon as possible.
- 2. For the applicant with good credit check, good credit assessment, and proper use of loans, the handling staff should fill out a credit report and opinions with loan conditions proposed and then submit it to the President for approval; also, the Board of directors should be reported to for resolution before processing, which should not be delegated to any third party.
- 3. Once the loaning of funds is approved, the financial unit shall inform the borrower in writing as soon as possible with the Company's borrowing conditions detailed, including the amount, term, interest rate, collateral, and guarantors.
- (4) Contract execution and verification of guarantor's identity:
 - 1. The person in charge of the loan application should fill out the loan contract according to the approved conditions for execution.
 - 2. The borrower and the joint guarantor should sign the deed of loan, and the person in charge should verify the identity of the guarantor.

(5) Creation of rights on collateral:

If the borrower is requested to provide collateral for the loan, the procedures for setting up a pledge or mortgage should be arranged accordingly to secure the Company's claims.

(6) Insurance:

All collaterals other than land should be insured for fire insurance. Vehicles should be insured for full coverage insurance. The insured amount should not be less than the value secured by the collateral. The Company should be the named beneficiary on the policy.

(7) Disbursement

The borrower will receive the loan after executing the contract, submitting the promissory note or deed of loan, registering the collateral, and purchasing the insurance.

(8) Account lodging:

The financial unit should produce the journal slip of the collateral or credit guarantee when the Company completes each process of lending funds.

Article 8-1: Subsequent Controls of Loaned Amount

After the amount of the lending is remitted, the borrowers and guarantors' financial, business and related credit status shall always be paid attention to. If there is collateral, the changes in the collateral's value shall also be paid attention to. In the event of significant changes, the chairman shall be notified immediately, and they shall be treated appropriately according to instruction.

Article 9: Repayment

When the borrower repays the loan at the expiration of the loan or before expiration, the payable interest shall be calculated first. After the payable interest and principal are paid, the notes can be cancelled and returned to the borrower or process the cancellation of mortgage.

Article 10: Cancellation of Rights on Collaterals

When the borrower requests to cancel the collateral, the Company should verify whether the principal amount and interests are fully paid off. The cancellation of collateral should be permitted only when the debt is fully satisfied.

Article 11: Extension and Overdue Credit

The borrower shall repay the principal and interest immediately at the expiration of the loan. In case of violation, the Company may dispose of and claim the collateral or guarantor provided by the borrower in accordance with the law.

Article 11-1: Internal Control

- (1) The financial unit should establish the profile for lending of funds, and record the borrower, amount, date of Board approval, loan date, and matters requiring prudent evaluation in the profile.
- (2) The internal auditors of the Company shall conduct audit on the procedure for financing and the status of implementation at least once quarterly, and keep the findings on record. In the event of major nonconformity, report to the Audit Committee in writing at once. If a material violation has been found, the managers and the persons in charge shall be punished according to the circumstances of violation.
- (3) In case the outstanding loan exceeds the limit due to change of circumstances, the financial unit should set up an improvement plan, and submit to the Audit Committee to enhance internal control.

Article 12: Disclosure and Filing

The financial unit should publish and file the following information:

(1) The company should prepare the monthly statement of amount guaranteed for other businesses for disclosure and filing purposes.

- (2) If the balance of loaning of funds meets any of the following criteria, the announcement and reporting shall be made within two days from the occurrence of the event:
 - 1. The aggregate balance of loans of funds to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - 2. The balance of loans of funds to others by the Company and its subsidiaries for a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement
 - 3. When additional lending granted by the Company or subsidiary amounts to more than NTD10 million and represents more than 2% of the Company's net worth, as shown in the latest financial statements.

For the subsidiaries who are not public companies, when the subsidiaries have situations of announcement stated in the subparagraphs of the preceding paragraph, the Company shall conduct the announcement for its subsidiaries.

Article 13: Regulations of lending funds by subsidiaries

- (1) A subsidiary should lend the funds in accordance with the procedures, or its procedures of lending funds to others.
- (2) A subsidiary should establish or amend its procedures of lending funds to others in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and submit to the subsidiary's Board of directors for approval, and report to the subsidiary's shareholders meeting.

Article 14: Other Matters

- (1) The Company and the subsidiaries should evaluate the lending of funds, and prepare adequate allowance for bad debt, and disclose relevant information in the financial report, provide data to the CPA for necessary inspection.
- (2) Any matter not covered by the procedures should be handled according to applicable laws and the Company's policies.

Article 15: Implementation and Amendment

The procedures should be approved by the audit commissioners, and passed by the Board of directors and then by the shareholders meeting. If any director has any dissent and such dissent is recorded or expressed in writing, the Company shall submit the dissent to the shareholders meeting for discussion. The same process applies to the amendment to the procedures.

The Company should give sufficient consideration to the opinions of each independent director when submitting the procedures to the Board of directors for discussion pursuant to the foregoing paragraph. Their clear consenting or dissenting opinion and the reason shall be specified in the meeting minutes.

If the draft or amendment of these processes is not approved by more than the majority of the Audit Committee, the Company may seek the approval of more than two-third of the directors and document the resolution of the Audit Committee in the meeting minutes of the Board of directors. The basis of members and directors should be those who are actually in office.

AAEON Technology Inc.

Rules of Procedure for Shareholders Meetings

Revision Date: June 30, 2016

- Article 1 The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 The Company's shareholders' meetings, unless otherwise provided by the law and regulations, should be convened by the Board of Directors.

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, 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. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 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, the 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 the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.

Where the meeting is called for the election or removal of any director, amendment to the Articles of Incorporation, dissolution, merger, spin-off of the company, or any matter set forth in Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the reason must be specified in the meeting notice and cannot be proposed as a extempore motion.

Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders' Meeting. However, it is limited to one proposal and the more than one proposals presented will not be discussed in the meeting. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Section 4 of the Company Act included for discussion.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The shareholder's proposal is limited to 300 words' otherwise it will not be included for discussion. The proposing shareholders must attend the shareholders' meeting in person or by proxy to participate in the proposal discussion.

The Company shall have the processing result presented in the shareholders' meeting before the meeting convening date and have the proposals in compliance with this clause

included in the notice of meeting. The board of directors is to give the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.

Article 4 Shareholders may issue a proxy printed by the Company with the scope of authorization defined to attend the shareholders' meeting.

> A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.

> If the shareholders wish to exercise the balloting right by attending the meeting in person or voting in writing or by electronic means after the proxy is received by the Company, the shareholders shall have the Company informed in writing two days prior to the shareholders' meeting date to revoke the proxy. The balloting right exercised by the representative shall prevail if the proxy is not revoked before the deadline.

Article 5 The shareholders meeting must be held at a location that is suitable and convenient for shareholders to attend. The meeting must not commence anytime earlier than 9AM or later than 3PM. Independent Directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.

Article 6 The Company shall have the admission time, admission place, and other related matters set forth in the notice of meeting.

> The shareholders' meeting admission time referred to above should be at least thirty minutes before the meeting in session; it should be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

> Shareholders and their proxies (collectively, "shareholders") 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 will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.

> The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any.

> The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. The number of legal person entrusted to attend the shareholders' meeting is limited to one person.

If a shareholders meeting is convened by the board of directors, the meeting shall be Article 7 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, or, 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.

> When a director serves as chair, as referred to in the preceding paragraph, and who understands the financial and business conditions of the company. The rule referred to above does apply if the chairman is a representative of the legal director.

> 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 and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders meeting.

Article 8 The entire process of the shareholders' meeting should be recorded or videotaped.

The audio and video data referred to above should be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 9 The attendance of the shareholders' meeting is counted by the shareholding. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.

The chairman should announce the commencement of the meeting as soon as it is due. However, if the attendees represented less than half of all outstanding shares, the meeting chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman may announce the meeting is adjourned if there remain insufficient shareholders who represent two thirds of shareholding to attend the meeting after two meetings postponed.

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 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. The meeting is conducted in accordance with the agenda and it may not be changed without the resolutions reached in the shareholders' meeting.

The provision referred to above is applicable even when the shareholders' meeting is convened other than by the board of directors.

The Chairman may not announce the meeting is adjourned until a resolution is reached for the two procedures (including motions) referred to above. If the Chairman has announced the meeting adjourned in violation of the procedures, the other board directors shall promptly assist the shareholders presented with a majority of balloting rights to elect a chairman to continue the meeting in accordance with the legal procedures.

The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.

Article 11 Shareholders who wish to speak during the meeting must produce a Speak Request Form detailing the topics and the shareholder's name and account number (or the attendance ID serial). The order of shareholders' comments will be determined by the meeting chairman. Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the Speak Request Form, the actual comments shall prevail.

Each shareholder may not speak on the same proposal more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting chairman and the person speaking. The meeting chairman shall restrain any violators.

For corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda.

The Chairman may have the speech of the shareholder responded in person or by the designated personnel.

Article 12 The balloting of the shareholders' meeting is based on the shareholding represented.

For the resolutions of the shareholders' meeting reached, the shareholding of the shareholders without balloting right is excluded from the count of the outstanding shares.

Shareholders cannot vote, or appoint proxies to vote, on any agendas that present conflicting interests, if doing so may compromise The Company's interests.

The shareholding of the shareholders without balloting right referred to above is not included in the balloting rights of the shareholders presented.

Except for the trust enterprise or the securities brokerages approved by the securities competent authorities, the balloting rights of the representative who is commissioned by two or more shareholders shall not exceed 3% of the balloting rights representing the total outstanding shares and the portion in excess does not count.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When holding a shareholders' meeting, the Company permits the shareholders to exercise their voting rights in writing or by electronic means. The voting methods will be specified in the shareholders meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

The uses of written and electronic votes mentioned above must be delivered to The Company at least 2 days before the shareholders meeting. If there are duplicate submissions, the earlier submission shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote.

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, 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 2 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. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the proposal is passed in the meeting by the shareholders represented a majority of the balloting rights.

The motion resolved by the Chairman's consulting the attending shareholders without dissent is deemed as passed and with the same effect as voting.

For the proposal with an amendment or alternative put to vote, the Chairman is to have it prioritized for balloting with the original bill enclosed. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The meeting chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner must be a Director.

The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 14 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.

The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Article 15 The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

The minutes must detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained indefinitely.

Article 16 The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date.

Any resolution of the shareholders' meeting with regard to any material information specified in the laws and by the competent authority should be uploaded onto the market observation post system by the Company within the specified time.

Article 17 The service personnel for the shareholders' meeting shall wear identification badges or armbands.

The meeting chairman may instruct picketers or security staffs to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staffs must wear arm badges which identify their roles as "Staff".

If the meeting venue is equipped with speakerphones, the Chairman may stop the shareholders who do not use the device provided by the Company from speaking.

The Chairman may command the marshals or security guards to escort the shareholders to leave the meeting venue if they are in violation of the rules of procedure, disobey the Chairman, and interfere with the meeting proceeding.

Article 18 The Chairman at his/her discretion may announce the meeting in recess; also, may announce to have the meeting suspended due to force majeure and announce the time for the meeting to resume.

If the venue of shareholders' meeting is not available before the end of the procedures (including motions), the shareholders' meeting may resolve to find another venue to continue the meeting.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These rules will be implemented after being approved in the shareholders' meeting, same as the amendment.

AAEON Technology Inc.

Procedures for Election of Directors

Revision Date: June 30, 2016

- Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
 - 1. Basic requirements and values: Gender, age, nationality, and culture.
 - 2.Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
 - 1. The ability to make judgments about operations.
 - 2. Accounting and financial analysis ability.
 - 3. Business management ability.
 - 4. Crisis management ability.
 - 5. Knowledge of the industry.
 - 6. An international market perspective.
 - 7. Leadership ability.
 - 8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4: (Delete).

Article 5: The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 6: Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total

number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 7: The cumulative voting method shall be used for election of the directors at this Corporation. 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.
- Article 8: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9: The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 10: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 11: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 12: A ballot is invalid under any of the following circumstances:
 - 1. The ballot was not prepared by the board of directors.
 - 2. A blank ballot is placed in the ballot box.
 - 3. The writing is unclear and indecipherable or has been altered.
 - 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 - 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting

rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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.

Article 14: The elected directors shall be notified by the company.

Article 15: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

AAEON Technology Inc.

Articles of Incorporation

Revision Date: July 30, 2018

Chapter 1 General Principles

Article 1: The Company is incorporated pursuant to the Company Act under the name of AAEON TECHNOLOGY INC.

Article 2: The Company's business operation is as follows:

- 1. CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 2. CC01080 Electronic Parts and Components Manufacturing
- 3. CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 4. CE01010 Precision Instruments Manufacturing
- 5. E603050 Cybernation Equipments Construction
- 6. E605010 Computing Equipments Installation Construction
- 7. F213030 Retail sale of Computing and Business Machinery Equipment
- 8. F213040 Retail Sale of Precision Instruments
- 9. F213060 Retail Sale of Telecom Instruments
- 10. F218010 Retail Sale of Computer Software
- 11. F219010 Retail Sale of Electronic Materials
- 12. F401010 International Trade
- 13. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 14. I501010 Product Designing
- 15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may make guarantees for other industry peers as required for its business.
- Article 4: The Company's reinvestment may exceed 40% of the Company's paid-in capital; the Board of Directors is authorized to execute the reinvestments. When the Company is a limited liability shareholder of another company, the total investment may exceed the limit of 40% of the Company's paid-in capital.
- Article 5: The Company's headquarters is in New Taipei City. The Board of Directors may resolve to set up domestic and foreign branches as necessary.

Chapter 2 Share capital

Article 6: The Company's total capital is NT\$ 2 billion, divided into 200 million common shares with a par value of NT\$10. The Board of Directors is authorized to issue the shares in different times.

The company reserves NT\$ 50 million of the capital in the first paragraph for issuing 5 million shares with a par value of NT\$10 under the employee stock option scheme. The Board of Directors may resolve to issue the shares in different times.

- Article 7: The Company issues registered shares. The certificate should be signed or stamped by more than three directors, and duly certified by the competent authority or an issuance and registration institution approved by the competent authority. The Company is not required to print physical shares but should register with a centralized securities depository enterprise after the initial public offering.
- Article 8: The change of name and transfer of shares are suspended within 30 days before the general meeting, 15 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other benefits.

After the initial public offering, the records in the shareholder register cannot be modified within 60 days before the general meeting, 30 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other

benefits.

Chapter 3 Shareholders Meetings

- Article 9: The shareholders meeting can be a general meeting or an extraordinary meeting. The general meeting should be held at least once within 6 months after the end of each fiscal year by the Board of Directors. The extraordinary meeting can be held as necessary.
- Article 10: Any shareholder who is unable to attend the shareholders meeting may execute the form proxy prepared by the Company and specify the scope of authorization to appoint an agent.
- Article 11: Except for the nonvoting shares under Article 179 of the Company Act, each shareholder of the Company shall have one vote per share.

 When the Company holds any shareholders meeting after public offering (or trading in OTC market), it should permit electronic means as one of the voting methods and specify such voting process in the shareholders meeting notice.
- Article 12: Unless otherwise provided in the Company Act and in these Articles, the resolution of the shareholders meeting should be made by the majority of the shareholders being present at the meeting and representing the majority of the outstanding shares.
- Article 12-1: After the initial public offering, the Company may withdraw the public offering only pursuant o Article 156 of the Company Act by having the approval of the majority of the shareholders being present at the meeting and representing two-third of the outstanding shares.

Chapter 4 Directors and Audit Committee

- Article 13: The Company should have seven to eleven directors. Each of them should have a three-year term of office, and will be elected from the candidates with legal capacity by the shareholders meeting and for consecutive terms. There should be at least three independent directors on the Board of Directors in the foregoing paragraph. The directors (including independent directors) of the Company should be elected through the nomination system, and from the candidate list by the shareholders meeting.
- Article 13-1: The Company sets up the "audit committee" pursuant to Article 14-4 of the Securities and Exchange Act. The members of the audit committee should be all independent directors. The audit committee or the audit commissioners are entrusted with the powers of supervisors under the Company Act, Securities and Exchange Act and other laws. Pursuant to Articles 14-4 and Article 181-2 of the Securities and Exchange Act, the Company will not appoint any supervisor after the audit committee has been set up. The powers of supervisor specified in the Company's internal policies will be exercised by the audit committee.
- Article 14: The powers of the Board of Directors are as follows:
 - 1. Specify the Company's organizational policies.
 - 2. Develop and monitor the execution of the Company's business plans.
 - 3. Specify the Company's surplus distribution.
 - 4. Specify the Company's capital increase and reduction.
 - 5. Review the Company's budgets, and approve the final settlement.
 - 6. Approve the Company's acquisition or disposal of fixed assets.
 - 7. Other powers entrusted by the laws and policies and the shareholders meeting.
- Article 15: (Deleted)
- Article 16: The Board of Directors should be formed by the directors. The directors should elect from among themselves the Chairman by a majority vote with two-third of the directors being present. The Chairman represents the Company. The Company may have one vice Chairman elected by the same method.
- Article 16-1: When one-third of the seats on Board become vacant or all independent directors are removed, the Board of Directors should call an extraordinary shareholders meeting

within 60 days. The elected directors should serve the office only for the remaining term.

- Article 17: The Board meeting notice may be given by e-mail and facsimile. Unless otherwise provided in the Company Act or in these Articles, the resolution should be made by the majority of the directors being present at the meeting and representing the majority of the seats. A director may authorize another director to attend the Board meeting on his behalf in writing. The power of attorney should be given for each meeting and specify the scope of authorization.
- Article 18: If the Chairman is on leave or unable to exercise his power, the acting person should be subject to Article 208 of the Company Act.
- Article 19: The Board of Directors is authorized to determine the remunerations of the Chairman and the directors based on their participation and contribution in the Company's operation and the domestic industrial standards.
- Article 19-1: The Company may purchase insurance for the directors to cover their statutory liabilities in connection with their performance of duties.
- Article 19-2: The Company may set up functional committees under the Board of Directors. The organization and power of such committees should be subject to the regulations prescribed by the competent authority.

Chapter 5 Manager

Article 20: The Company may appoint the managers. The appointment, termination and compensation should be subject to Article 29 of the Company Act.

Chapter 6 Accounting

- Article 21: The Company should conduct final settlement for each fiscal year from January 1 to December 31.
- Article 22: At the end of each fiscal year, the Company should cause the Board of Directors to prepare
 - 1. Business Report
 - 2. Financial statements
 - 3. Proposal for earnings distribution or loss offset

And other statements, and submit to the general meeting for recognition.

- Article 23: If there is any remaining earnings after offsetting the accumulated loss against the annual profit (profits before tax and expenses for distributing employee compensation and director compensation), the company shall appropriate no less than 5% as employee compensation and no more than 1% as director remuneration.
 - Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors.
- Article 23-1: If there is any surplus after the annual settlement, the Company should pay the tax, compensate the accumulated loss, then appropriate 10% as legal reserve unless the legal reserve has equaled the Company's paid-in capital. In addition, the Company may appropriate or reverse the special reserve as required for the operation and subject to the laws. The remaining amount plus the retained earnings at the beginning of the period may be distributed provided that the shareholders meeting approves the distribution plan prepared by the Board of Directors.

The future distribution of retained earnings may be determined based on the Company's financial, sales and operation status to distribute all or part of the retained earnings. However, the total distributed retained earnings must be no less than 5% of the distributable amount. Retained earnings may be distributed in forms of cash or dividends based on the estimation of future cash demands and capital structure. The percentage of cash dividends to be distributed in the future shall not be less than 10% if the dividend, and the actual amounts shall be the amount approved at the Shareholders' Meeting.

Chapter 7 Appendix

- Article 24: Any matter not specified in these Articles should be handled in accordance with the Company Act and applicable laws.
- Article 25: These Articles were made on November 22, 2010. The first amendment and reinstatement are made on December 24, 2010. The second amendment and reinstatement are made on June 2, 2011. The third amendment and reinstatement are made on April 1, 2016. The fifth amendment and reinstatement are made on June 30, 2016. The sixth amendment and reinstatement are made on June 27, 2017. The seventh amendment and reinstatement are made on July 30, 2018.

AAEON TECHNOLOGY INC. Director Shareholding

- 1. The Company's paid-in capital is NT\$1,484,984,680. Total number of issued shares is 148,498,468.
- 2. Pursuant to Article 26 of the Securities and Exchange Act, and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding of all directors should be 8,909,908 shares.
- 3. As of the halt date for this shareholders' meeting, the shareholding of each director recorded in the shareholders' register is as below:

March 30, 2021

		D	Shares	Shareholding	
Title	Name	Date elected	Owned (share)	percentage (%)	Representative
Chairman	Jui Hai Investment Co.,Ltd.	2019/5/31	4,515,000	3.04%	Yung-Shun Chuang
Director	Jui Hai Investment Co.,Ltd.	2019/5/31	4,515,000	3.04%	Ying-Chen Li
Director	Jui Hai Investment Co.,Ltd.	2019/5/31	4,515,000	3.04%	Wei-Chun, Yen
Director	ASUSTeK Computer Inc.	2019/5/31	43,756,000	29.47%	Chung-Tang, Shih
Director	ASUSTeK Computer Inc.	2019/5/31	43,756,000	29.47%	Chiang-Sheng, Tseng
Director	ASUSTeK Computer Inc.	2019/5/31	43,756,000	29.47%	Hsien-Yueh, Hsu
Director	iBase Technology Inc.	2019/5/31	41,698,468	28.08%	Chiu-Hsu, Lin
Director	iBase Technology Inc.	2019/5/31	41,698,468	28.08%	Yu-Nan, Chen
Independent Director	Jung-Chih, Kao	2019/5/31	0	0	
Independent Director	Ta-Ho, Yen	2019/5/31	0	0	
Independent Director	Kun-Chih, Chen	2019/5/31	0	0	
	Total		89,969,468	60.59%	

Other Information:

- (1) Effect on the company's operating performance, EPS, and shareholder ROI by this stock grant: The Company did not publish any financial forecast for 2020 as required and the Company does not have any stock grant plan. Therefore, it is not applicable.
- (2) Shareholder motions received for this year's shareholders' meeting:
 - 1. Pursuant to Article 172-1 of the Company Act, any shareholder who owns more than 1% of the total outstanding shares may submit the motion proposal to the general meeting in writing. The proposal should only include one motion and should be described in 300 words. Any proposal including more than one motion, or described in more than 300 words will not be accepted. The Shareholder who proposed needs to attend the Shareholders' Meeting in person, or delegate others the power of attorney, and engage in the discussion.
 - 2. Proposals of shareholders' motions should be submitted between March 22, 2021 and March 31, 2021, 9AM to 5PM. The announcement has been published on the Market Observation Post System.
 - 3. The Company did not receive any proposal of shareholders' motion during the acceptance period.
- (3) Description of the acceptance of shareholders' proposal rights at the shareholders meeting of this year: If the location of the 2021 shareholders meeting needs to be changed due to the impact of the epidemic, the board of directors is proposed to authorize the chairman of the board to handle all matters.