



**STOCK CODE: 6579**

A futuristic, blue-toned background featuring a robotic hand, a globe, and glowing circuit patterns.

**研揚科技股份有限公司**  
**AAEON Technology Inc.**

# **2022 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**Meeting Agenda**

Date: May 27, 2022

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.)

# Table of Contents

	Page
2022 Annual General Meeting Procedures .....	1
2022 Annual General Meeting Agendas.....	2
Reporting matters .....	3
Proposals .....	8
Discussions and Election.....	11
Extempore Motion .....	18
Appendix .....	19
Appendix 1 2021 Financial statements and Independent Auditors' Report .....	20
Appendix 2 Rules of Procedure for Shareholders Meetings (Before Amendment).....	43
Appendix 3 Articles of Incorporation .....	49
Appendix 4 Procedures for Election of Directors .....	53
Appendix 5 Director Shareholding .....	55
Appendix 6 Other information .....	56

AAEON Technology Inc.  
2022 Annual General Meeting Procedures

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

# AAEON Technology Inc.

## 2022 Annual General Meeting Agendas

Time: 9:00 am on May 27 (Friday), 2022.

Address: 9F, No. 135, Lane 235, Baochiao Road, Xindien District, New Taipei City (Meeting Room)( 2022 Annual Shareholders' Meeting held by means of physical shareholders meeting)

1. Commence Meeting
2. Chairman's Speech
3. Reporting matters:
  - (1) Business report of 2021.
  - (2) Audit Committee's review report of 2021.
  - (3) Report of Directors' Compensation and Employees' Compensation for 2021.
4. Proposals:
  - (1) To adopt 2021 Business Report and Financial Statements.
  - (2) To adopt the proposal for distribution of 2021 profits.
5. Discussions and Election:
  - (1) It is proposed to distribute NTD0.5 per share in cash from additional paid-in capital.
  - (2) Election of Directors.
  - (3) Discussion to approve the lifting of non-competition restrictions for directors
  - (4) Amendment to the "Rules of Procedure for Shareholders Meetings"
6. Questions and Motions
7. Adjournment

## Reporting matters

No. 1: Proposed by the Board

Case Summary: Please review the business report of 2021.

Description: the business report of 2021. is as follows:

Hello Ladies and Gentlemen,

Thank you for attending our 2022 annual general meeting despite your busy schedule.

In 2022, AAEON's overall operational results were better than expected, with revenue growing by 7.6%. The two biggest factors affecting revenue are the COVID-19 pandemic and shortage of materials. The pandemic has delayed our clients' projects and increased our communication costs, while the shortage of materials has caused orders to be unable to be delivered on time and led to longer delivery cycles. Despite a large number of orders, AAEON was unable to ship products on schedule to enhance our performance due to the shortage of materials. Therefore, AAEON's revenue in the first half of 2021 was not satisfactory and even registered negative growth in the third quarter. Fortunately, the purchases of parts gradually improved in the second half of the year, the shortage of materials was alleviated, and the shipments increased month by month. We even hit a record high in the fourth quarter in terms of a single quarter, and our annual revenue growth rate was turned from negative to positive, and, ultimately, the group maintained positive growth throughout the year.

In addition, AAEON won the 26<sup>th</sup> Malcolm Baldrige National Quality Award (MBNQA) in 2021, which is the only highest award for business quality in Taiwan awarded by the Executive Yuan. The award evaluates eight aspects and selects outstanding companies as winners. AAEON is honored to receive the Comprehensive Excellence Award as an indication of our instance on quality and national recognition of our overall management.

The detailed explanations are as below:

1. The 2021 Business result:

(1) Operating performance

1. Revenues and profits: AAEON's consolidated operating income in 2021 was NTD 6,347,704 thousands, gross profit was NTD 1,855,051 thousands, operating revenue was NTD 548,641 thousands, net income after tax was NTD 513,753 thousands, net profit attributable to the parent company was NTD 451,025 thousands, and earnings per share (EPS) was NTD 4.22.
2. Revenue analysis: In terms of regions, we witnessed excellent growth in all regions, particularly in Europe with a growth rate of 42%. In terms of our product lines, most of our product lines registered double-digit growth, and the System Platform Division created the highest growth with a growth rate of 34%
3. Budget implementation: The Company did not publish our financial forecast in 2021.
4. Client management: Developing major clients is AAEON's critical strategy. In 2021, we had developed 23 major clients, with the worth of more than US\$1 million each. For clients with small quantity orders or urgent needs for samples, we provided the e-commerce platform: UP Shop and AAEON eShop to allow them to obtain products quickly. In 2021, we created a total of more than US\$4 million in revenue in this regard.
5. Other operational results:  
Won the 26<sup>th</sup> MBNQA - Comprehensive Excellence Award

- Won the 7th place in the Middle-Standing Enterprises Group of the CSR Awards of the CommonWealth magazine
- Won the Arts and Business Awards hosted by the Ministry of Culture

(2) Research and development and innovations

1. In 2021, two of AAEON's products have won the 30<sup>th</sup> Taiwan Excellence Award, which are AI platforms: Boxer-8240AI and Boxer-8253 AI.
2. AAEON's Atlas smart roadside surveillance system won the Computex d&i Awards.
3. AAEON's many new products, including PICO-TGU6, have been widespread reported by well-known foreign media.
4. We launched Intel's 11<sup>th</sup>-generation Tiger Lake and 12<sup>th</sup>-generation Alder Lake products earlier than our competitors.
5. We launched servers that supported Intel dual CPUs.

(3) Marketing and promotion

1. To promote AAEON's Artificial intelligence (AI) edge computing platform, we particularly created an AAEON AI logo and launched an AAEON.AI website to provide AI developers with more diverse information in conjunction with our AI products and partners, with the aim of developing the website into a well-known AI portal.
2. Although many exhibitions and seminars have been suspended due to the impact of the pandemic, our marketing efforts have never ceased. In 2021, we held a total of 83 online seminars with more than 10,000 participants.

2. 2022 business plan:

Although the pandemic continues to affect our lives, everyone has become more accustomed to way of life during the pandemic period. Many clients have also restarted their projects, and the market has become more vibrant. However, although the shortage of materials has improved, supply is still unstable and materials are still in short supply. The conflict between China and the U.S. has also widened the gap between the markets on both sides. How to balance the market in China and those outside China will be a daunting challenge.

The year 2022 marks the 30<sup>th</sup> anniversary of AAEON's establishment. Over the past 30 years, AAEON has grown steadily and made profits every year in alignment with our shareholders' expectations. Looking ahead to 2022, due to the long delivery cycles of parts, many clients have placed long-term orders, so the performance of orders is better than in previous years. Meanwhile, the pandemic and shortage of materials have also created some business opportunities for us. It is expected that 2022 will be a year of steady growth.

(1) Business strategy

1. Further develop the existing market: Continue to develop new products and focus on retail, manufacturing, cyber security, smart city, and medical care markets.
2. Actively develop the AI edge computing platform market: Work with partners to form a complete ecosystem and become a leading business in AI edge computing platforms.
3. Enter new markets or increase market share through joint ventures or mergers and acquisitions.

(2) Important strategies

1. Seize business opportunities arising from COVID-19 and develop business in

pandemic testing, work-from-home, and self-service fields.

2. Actively work with semiconductor and electronic production equipment clients as semiconductor and part manufacturers have invested heavily in expanding their factories in response to the severe shortage of materials around the world.
3. Assist AI developers in successfully completing AI projects and accelerate the growth in AI.
4. Prepare materials in advance to solve the problem of shortage of materials and shorten the delivery cycles of orders.
5. Establish the AAEON China R&D Center to develop products in alignment with local needs to respond to the China-US conflict.

3. Long-term development strategies

AI and the Internet of Things (IoT) are the development trends in the market. AI technology has become more popular and been applied in a more diverse manner. AAEON has excellent embedded design capabilities, adopts constant innovation as the main strategy for product development, and takes customized services as our core competitive advantage, while our superior quality is our commitment to our clients. 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.

AAEON's "AA" stands for good but better, that is, we must constantly challenge ourselves, keep innovating, and pursue excellence. We will live up to our consistent business philosophy: focus, agility, and competitiveness, and will achieve sustainable operation, continuous growth, and become a leader in AI edge computing.

Today, we would like to express our appreciation to you all, for taking the time to participate in the annual general meeting despite your busy schedule. Finally, we hope that all you will continue to support, encourage, and provide suggestions to our Company.

AAEON Technology Inc.



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 2021. Please review.

Description: the company's "Audit Committee's review report of 2021." is as follows:

Audit Committee's Review Report of AAEON Technology Inc.

The Board of Directors has prepared the AAEON Technology Inc. ("the Company") 2021 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 陳坤志

February 25, 2022



No. 3: Proposed by the Board

Case Summary: report of Directors' Compensation and Employees' Compensation for 2021. 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 2021 profit is NT\$591,848,641. It is proposed to appropriate 7.92% as the employee's compensation, NT\$46,872,000 in total and 0.76% as the director's remuneration, NT\$4,500,000 in total. The payment will be made in cash. The appropriated amount is consistent with the budgeted expenditure of 2021.
  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 2021 Business Report and Financial Statements.

Description:

1. The Board of Director has resolved on the company's 2021 operating report and financial statements on February 25, 2022. 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 2021 profits.

Description: pursuant to Article 23-1 of the company's bylaws, the proposal of 2021 surplus distribution is as attached schedule and explained as follows:

1. By adding the retained earnings from the previous year, NT\$85,463,294, to the company's net profit after tax of 2021, NT\$451,025,155, and share-based payment, NT\$1,938,572, the total distributable surplus of the current period is NT\$534,549,877. After appropriating the legal reserve NT\$44,908,658 and special reserve NT\$11,526,833, it is proposed to distribute NT\$386,408,017 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

2021

Item	Amount (in NT\$)
Opening undistributed earnings	85,463,294
Current year net income after tax	451,025,155
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	(1,938,572)
Profit after tax of current year and undistributed earnings other than profit after tax	449,086,583
Legal reserve appropriated	(44,908,658)
Special reserve reversed (appropriated)	(11,526,833)
Earnings to be allocated	478,114,386

Earnings distribution:	
Shareholder Bonus (NT\$2.6 per share in cash) (Note 1)	(386,408,017)
Closing undistributed earnings	91,706,369

Note 1: Calculated based on 148,618,468 outstanding shares on January 31, 2022.

**Chairman:**



**Manager:**



**Accounting Supervisor:**



Resolution:

## Discussions and Election

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 NTD74,309,234 from paid-in capital in excess of par value to pay cash dividends of NTD 0.5 to 148,618,468 outstanding shares on January 31, 2022 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: Comprehensive re-election of directors

Description:

1. The tenure of the fourth term of the Company's directors will end on May 30, 2022. It is proposed to re-elect directors at the 2022 general meeting of shareholders. The old directors will be dismissed when the new directors take office.
2. Eleven directors will be elected for the fifth term at this time, including three independent directors. The election of directors is conducted based on a candidate nomination system, and shareholders shall elect directors from the list of director candidates.
3. The new directors will take office immediately after the 2022 general meeting of shareholders for a term of three years from May 27, 2022, to May 26, 2025.
4. The list of director candidates has been reviewed and approved by the Board of Directors on April 15, 2022. The information on the director candidates is as follows:

Name	Education	Experience	Incumbent	Shareholding	The name of the legal person represented
Yung-Shun, Chuang	Honorary Doctorate in Engineering National Taiwan University of Science and Technology	Chairman of AAEON Technology Inc.	Chairman of AAEON Technology Inc.	4,515,000	Jui Hai Investment Co.,Ltd.
Ying-Chen Li	Ph.D. Electrical Engineering National Taiwan University	1. Chairman of LITEMAX ELECTRONICS INC. 2. CSO of AAEON Technology Inc.	1. Chairman of LITEMAX ELECTRONICS INC. 2. CSO of AAEON Technology Inc.	4,515,000	Jui Hai Investment Co.,Ltd.
Fu-Chun, Chuang	Bachelor of Electrical Engineering, Cornell University Master of Engineering Management, University of Southern California (USC) Northwestern University Electrical Engineering Master's Program	President of ONYX HEALTHCARE USA, INC.	President of ONYX HEALTHCARE USA, INC.	4,515,000	Jui Hai Investment Co.,Ltd.
Jonny Shih	MBA of National Chiao Tung University	Chairman of ASUS	Chairman of ASUS	43,756,000	ASUSTeK Computer Inc.
Jonathan Tsang	MBA of Houston University	President of ASUS	President of ASUS	43,756,000	ASUSTeK Computer Inc.
S.Y. Hsu	EMBA of National Chengchi University	Co-CEO of ASUS	Co-CEO of ASUS	43,756,000	ASUSTeK Computer Inc.

Name	Education	Experience	Incumbent	Shareholding	The name of the legal person represented
Chiu-Hsu, Lin	Department of Electronic Engineering National Kaohsiung University of Applied Sciences	1. Chairman and CSO of IBASE Technology Inc. 2. Senior Vice President of Taiwan Mycomp Co, Ltd.	Chairman and CSO of IBASE Technology Inc.	41,698,468	IBASE Technology Inc.
Yu-Nan, Chen	Department of Electronics Sihai Institute of Technology	1. Director and President of IBASE Technology Inc. 2. Manager of R&D Department Taiwan Mycomp Co, Ltd.	Director and President of IBASE Technology Inc.	41,698,468	IBASE Technology Inc.

5. The list of independent director candidates has been reviewed and approved by the Board of Directors on April 15, 2022. The information on the independent director candidates is as follows:

Name	Education	Experience	Incumbent	Shareholding
Kun-Chih, Chen	Ph.D., University of Southern California	Associate Professor, National Taiwan University	Associate Professor, National Taiwan University	0
Daho Yen	LL.M, The Methodist University of U.S.A	The Deputy Minister of Ministry of Justice The Attorney General of The Highest Prosecutors Office	None	0
Xiulian Lin	Drexel University Research Institute Department of Accounting, National Taiwan University	Partner of Deloitte United Accounting Firm	1. Director of Pinyou United Accounting Firm 2. Director of Pinyou Real Estate Appraiser Office 3. Director of Chengxin Land and Political Bureau 4. Chairman of Human Management Consulting Co., Ltd.	0

Resolution:

No. 3: Proposed by the Board

Proposal: It is proposed to remove the non-compete clause for new directors.

Description:

1. The Company plans to re-elect directors at the 2022 general meeting of shareholders, and elect 11 directors for the fifth term, including three independent directors.
2. As per Article 209 of the Company Act, it is proposed to remove the non-compete clause for new directors on the precondition that a director acts for themselves or others within the Company's business scope to meet the needs on the ground without undermining the Company's interests.
3. After the director and independent director candidates have been elected, it is proposed to remove the non-compete clause for them. The relevant competition situations are as follows:

Title	Name	Concurrent positions in other companies	
Director	Jui Hai Investment Co.,Ltd. Representative: Yung-Shun, Chuang	AAEON INVESTMENT, CO.	Chairman and President
		ONYX HEALTHCARE INC., AAEON TECHNOLOGY (SUZHOU) INC., ONYX HEALTHCARE (SHANGHAI) LTD, YanXin Investment Co., Ltd., YanXin Investment Co., Ltd., EverFocus Co., Ltd	Chairman
		AAEON Electronics, Inc., AAEON TECHNOLOGY (Europe) B.V., AAEON TECHNOLOGY GMBH, AAEON TECHNOLOGY SINGAPORE PTE. LTD., ONYX Healthcare USA, Inc., ONYX Healthcare Europe B.V, AAEON EDUCATION FOUNDATION, ATECH OEM INC., Qi Ye Electronics (Dong Wan) Co., Ltd., Dan Yang Qi Ye Technology Co., Ltd., LITEMAX ELECTRONICS INC., Litemax Technology, Inc., King Core Electronics Inc., Allied Biotech Corp., Sunengine Corp., Ltd., MACHVISION,INC., Co., Ltd., Machvision (Dong Wan) Testing Equipment Co., Ltd., Xac Automation Corp., CHC Healthcare Group, Top Union (SuZhou) Co., Ltd., Allied Oriental International Ltd., Mcfees Group Inc., NTUT Star Investment Co., Ltd., Feng Xin Venture Capital Co., IHELPER INC., IBASE	Director



Title	Name	Concurrent positions in other companies	
		Technology Inc., WINMATE INC.	
		Top Union Electronics Corp., TAIFLEX SCIENTIFIC CO., LTD.	Independent Director
Director	Jui Hai Investment Co.,Ltd. Representative: Ying-Chen Li	LITEMAX ELECTRONICS INC.	Chairman
		AAEON TECHNOLOGY (SUZHOU) INC., EUTECH MICROELECTRONICS INC., Litemax Technology, Inc., YEN SUN TECHNOLOGY CORP.	Director
		Arcadyan Technology Corp., Axix Corp.	Independent Director
Director	Jui Hai Investment Co.,Ltd. Representative: Fu-Chun, Chuang	Fu Li Investment Co., Ltd., Jui Hai Investment Co.,Ltd.	Director
Director	ASUSTeK Computer Inc. Representative: Jonny Shih	ASUSTEK COMPUTER INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., ASUSTOR INC., ASUSTEK HOLDINGS LIMITED, ASUS INTERNATIONAL LIMITED, ASUS HOLLAND B.V., DEEP DELIGHT LIMITED, CHANNEL PILOT LIMITED, UNIMAX HOLDINGS LIMITED, NEXT SYSTEM LIMITED	Chairman
		ASKEY, SHINEWAVE INTERNATIONAL INC., ASUS TECHNOLOGY INCORPORATION, iMotion Group Inc., YANG MING TEK COMPUTER INC, TEYANG TECHNOLOGY CO., LTD., UNIMAX TECHNOLOGY CORP., eCrowd Media, Inc.	Director
Director	ASUSTeK Computer Inc Representative: Jonathan Tsang	ASUS TECHNOLOGY PTE. LIMITED,ASUS GLOBAL PTE. LTD.	Chairman
		ASUSTEK COMPUTER INC. , UNIMAX ELECTRONICS INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., KARTIGEN BIOMEDICINE INC.	Director

Title	Name	Concurrent positions in other companies	
Director	ASUSTeK Computer Inc. Representative: S.Y. Hsu	UPI Semiconductor Corp.	Chairman
		ASUSTEK COMPUTER INC. , Hua-Cheng Venture Capital Corp., APAQ TECHNOLOGY CO., LTD.	Director
Director	IBASE Technology Inc. Representative: Chiu-Hsu, Lin	IBASE Technology Inc.	Chairman and CSO
		WIBASE INDUSTRIAL SOLUTIONS INC.	Corporate Director
		NOVAKON CO., LTD.	Director
		IBASE INC. 、IBT INTERNATIONAL INC.	Representative
Director	IBASE Technology Inc. Representative: Yu-Nan, Chen	IBASE Technology Inc.	Director and President
		IBASE INC.	Representative
Independent Director	Kun-Chih, Chen	IBASE Technology Inc.	Independent Director
Independent Director	Xiulian Lin	SINTRONIC TECHNOLOGY INC.	Director

Resolution:

No. 4: Proposed by the Board

Proposal: The amendments to the Company’s Rules of Procedures for Shareholders’ Meeting

Description: To comply with the Taiwan Stock Exchange Corporation’s Letter Tai-Zeng-Zhi-Li No. 11000014461, it is proposed to amend the Rules of Procedures for Shareholders’ Meeting, to improve corporate governance and safeguard shareholders’ rights and interests. The current provisions and proposed amendments are compared as follows:

Clauses after the amendment	Clauses before the amendment	Notes
<p>Article 3 Paragraphs 1, 2, and 3 are omitted. 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.</p> <p>Omitted hereinafter.</p>	<p>Article 3 Paragraphs 1, 2, and 3 are omitted. 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 extempore 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.</p> <p>Omitted hereinafter.</p>	<p>The method of announcement is adjusted in alignment with the provision.</p>
<p>Article 9 Paragraph 1 omitted. When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, <u>while announcing the number of non-voting rights and the number of shares represented by attending shareholders</u>. However, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said</p>	<p>Article 9 Paragraph 1 omitted. When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. The</p>	<p>To improve corporate governance and safeguard shareholders’ rights and interests, the second paragraph is amended.</p>

<p>meeting shall be limited to two times, and the total time postponed shall not exceed one hour. The chair may announce the meeting adjourned if there remain insufficient shareholders who represent one-thirds of all outstanding shares to attend the meeting after two postponements are made.</p> <p>Omitted hereinafter.</p>	<p>chair may announce the meeting adjourned if there remain insufficient shareholders who represent one-thirds of all outstanding shares to attend the meeting after two postponements are made.</p> <p>Omitted hereinafter.</p>	
<p>Article 14 The election of directors at the 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, <u>as well as a list of director and supervisor candidates who failed to be elected and the number of votes they obtained.</u></p> <p>The second paragraph is omitted.</p>	<p>Article 14 The election of directors at the 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</p> <p>The second paragraph is omitted.</p>	<p>To improve corporate governance and safeguard shareholders' rights and interests, the first paragraph is amended.</p>

Resolution:

Extempore Motion

Adjournment

# Appendix

## INDEPENDENT AUDITORS' REPORT

(2022) Tsai-Shen-Bao-Tzi No.21003230

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, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2021 and 2020, 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, 2021, and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 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, 2021; 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 period 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(18) 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 2021 and 2020, 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 amountded to \$3,922,180 thousand and \$3,969,157 thousand, constituting 38.35% and 41.44% of total assets as of December 31, 2021 and 2020, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$76,303 thousand and \$1,569 thousand, respectively, constituting for 15.27% and 0.33% of total comprehensive income for the years ended December 31,2021 and 2020, 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, 2021 and 2020.

#### **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 25, 2022

#### **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 jurisdictions. 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.

  
 AAEON Technology Inc. and Subsidiaries  
 CONSOLIDATED BALANCE SHEET  
 DECEMBER 31, 2021 AND 2020  
 (Expressed In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current asset</b>						
1100	Cash and cash equivalents	6. (1)	\$ 1,841,520	18	\$ 2,727,931	28
1110	Financial asset at fair value through profit or loss - current	6. (2)	425,306	4	456,957	5
1150	Net notes receivable	6. (4)	23,655	-	16,870	-
1170	Net accounts receivable	6. (4)	1,174,099	11	661,456	7
1200	Other receivables		57,692	1	21,773	-
1220	Current tax assets		12,603			
130X	Inventories	6. (5)	1,518,035	15	826,311	9
1410	Prepayments		89,415	1	67,079	1
1479	Other current liabilities - other	8	1,631	-	15,467	-
11XX	<b>Total current assets</b>		<u>5,143,956</u>	<u>50</u>	<u>4,793,844</u>	<u>50</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6. (2)	65,217	1	68,639	1
1517	Financial assets at fair value through other comprehensive income - non-current	6. (3)	32,381	-	2,381	-
1550	Investments accounted for under equity method	6. (6)	3,922,180	38	3,969,157	41
1600	Property, plant and equipment	6. (7), 8	800,321	8	564,531	6
1755	Right-of-use assets	6. (8)	82,067	1	33,139	-
1760	Investment property		79,758	1	54,057	1
1780	Intangible assets		17,726	-	24,669	-
1840	Deferred tax assets	6. (24)	57,557	1	50,626	1
1900	Other non-current assets	8	14,842	-	16,075	-
15XX	<b>Total non-current assets</b>		<u>5,072,049</u>	<u>50</u>	<u>4,783,274</u>	<u>50</u>
1XXX	<b>Total assets</b>		<u>\$ 10,216,005</u>	<u>100</u>	<u>\$ 9,577,118</u>	<u>100</u>

(Continued)

  
 AAEON Technology Inc. and Subsidiaries  
 CONSOLIDATED BALANCE SHEET  
 DECEMBER 31, 2021 AND 2020  
 (Expressed In Thousands of New Taiwan Dollars)

Liabilities and equity	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current liability</b>						
2100	Short-term borrowings	6. (9), and 8	\$ 105,000	1	\$ 38,875	1
2130	Contract liability - current	6. (18)	226,231	2	174,971	2
2150	Notes payables		-	-	725	-
2170	Accounts payables	7	580,911	6	327,414	4
2200	Other payables	6. (12), and 7	433,117	4	385,235	4
2230	Current tax liabilities		73,617	1	86,916	1
2250	Provisions - current		27,411	-	27,366	-
2280	Lease liability - current		29,303	-	20,509	-
2320	Long-term liabilities-current Portion	6. (11), 8	10,744	-	-	-
2399	Other current liabilities - other		33,512	1	26,709	-
21XX	<b>Total current liabilities</b>		<u>1,519,846</u>	<u>15</u>	<u>1,088,720</u>	<u>12</u>
<b>Non-current liabilities</b>						
2527	Contract liability - non-current	6. (18)	47,341	-	59,844	1
2540	Long-term borrowings	6. (11), 8	155,043	2	-	-
2550	Provisions - non-current		8,014	-	7,369	-
2570	Deferred tax liabilities	6. (24)	39,438	-	33,389	-
2580	Lease liability - non-current		53,639	1	13,560	-
2670	Other non-current liabilities - other		2,156	-	1,783	-
25XX	<b>Total non-current liabilities</b>		<u>305,631</u>	<u>3</u>	<u>115,945</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>1,825,477</u>	<u>18</u>	<u>1,204,665</u>	<u>13</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Share capital-common stock	6. (15)	1,484,985	15	1,484,985	16
3140	Advance receipts for share capital		1,200	-	-	-
<b>Capital surplus</b>						
3200	Capital surplus	6. (14) (16)	5,433,926	53	5,473,802	56
<b>Retained earnings</b>						
3310	Legal reserve	6. (17)	425,624	4	387,553	4
3320	Special reserve		53,278	1	63,315	1
3350	Undistributed retained earnings		534,550	5	484,744	5
<b>Other Equity</b>						
3400	Other Equity		(64,805)	(1)	(53,278)	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>7,868,758</u>	<u>77</u>	<u>7,841,121</u>	<u>82</u>
36XX	<b>Non-controlling interests</b>	4. (3)	<u>521,770</u>	<u>5</u>	<u>531,332</u>	<u>5</u>
3XXX	<b>Total equity</b>		<u>8,390,528</u>	<u>82</u>	<u>8,372,453</u>	<u>87</u>
<b>Significant contingent liabilities and 9 unrecognized contract commitments</b>						
<b>Significant events after the balance 11 sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 10,216,005</u>	<u>100</u>	<u>\$ 9,577,118</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



  
 AAEON Technology Inc. and Subsidiaries  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2021		2020	
			Amount	%	Amount	%
4000	<b>Operating income</b>	6. (18), 7	\$ 6,347,704	100	\$ 5,898,185	100
5000	<b>Operating cost</b>	6. (5) (22) (23), and 7	( 4,492,653)	( 71)	( 3,967,732)	( 67)
5900	<b>Operating profit</b>		1,855,051	29	1,930,453	33
	<b>Operating expenses</b>	6. (13)(22)(23) and 7				
6100	Selling expense		( 508,093)	( 8)	( 583,180)	( 10)
6200	General and administrative expenses		( 301,043)	( 4)	( 269,815)	( 4)
6300	Research and development expenses		( 495,114)	( 8)	( 464,753)	( 8)
6450	Expected credit impairment (loss) or gain	12. (2)	( 2,160)	-	7,887	-
6000	<b>Total operating expense</b>		( 1,306,410)	( 20)	( 1,309,861)	( 22)
6900	<b>Operating income</b>		548,641	9	620,592	11
	<b>Non-operating income and expenses</b>					
7100	Interest income		4,724	-	7,124	-
7010	Other income	6. (19)	33,096	-	28,871	-
7020	Other gains and losses	6. (20)	( 29,963)	-	( 34,744)	( 1)
7050	Financial costs	6. (21)	( 4,871)	-	( 3,536)	-
7060	Share of the profit of the associates and joint ventures accounted for under equity method	6. (6)	74,406	1	( 15,569)	-
7000	<b>Total non-operating income and expenses</b>		77,392	1	( 17,854)	( 1)
7900	<b>Profit before income tax</b>		626,033	10	602,738	10
7950	Income tax expense	6. (24)	( 112,280)	( 2)	( 138,567)	( 2)
8200	<b>Profit for the year</b>		\$ 513,753	8	\$ 464,171	8

(Continued)

  
**AAEON Technology Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2021		2020	
		Amount	%	Amount	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
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	\$ 6,410	-	\$ 20,672	-
8310	<b>Total amount not to be reclassified to profit or loss in subsequent periods</b>	<u>6,410</u>	-	<u>20,672</u>	-
<b>To be reclassified to profit or loss in subsequent periods</b>					
8361	Financial statements translation differences of foreign operations	( 19,844)	-	( 11,831)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss in subsequent periods	( 4,513)	-	( 3,534)	-
8399	Income tax relating to the components of other comprehensive income	<u>3,968</u>	-	<u>2,365</u>	-
8360	<b>Total amount to be reclassified to profit or loss in subsequent periods</b>	<u>( 20,389)</u>	-	<u>( 13,000)</u>	-
8500	<b>Total comprehensive income</b>	<u>\$ 499,774</u>	<u>8</u>	<u>\$ 471,843</u>	<u>8</u>
<b>Net income attributable to:</b>					
8610	Shareholders of the parent	\$ 451,025	7	\$ 382,810	7
8620	Non-controlling interest	<u>62,728</u>	<u>1</u>	<u>81,361</u>	<u>1</u>
		<u>\$ 513,753</u>	<u>8</u>	<u>\$ 464,171</u>	<u>8</u>
<b>Total comprehensive income attributable to:</b>					
8710	Shareholders of the parent	\$ 439,498	7	\$ 392,847	7
8720	Non-controlling interest	<u>60,276</u>	<u>1</u>	<u>78,996</u>	<u>1</u>
		<u>\$ 499,774</u>	<u>8</u>	<u>\$ 471,843</u>	<u>8</u>
<b>Basic earnings per share</b>					
9750	<b>Total basic earnings per share</b>		<u>4.22</u>		<u>3.58</u>
<b>Diluted earnings per share</b>					
9850	<b>Total diluted earnings per share</b>		<u>4.19</u>		<u>3.56</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc. and Subsidiaries  
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
 (Expressed in thousands of New Taiwan Dollars)

	Notes	Equity attributable to owners of the parent											
		Share Capital	Retained Earnings					Other Equity					
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
<b>For the year ended December 31, 2020</b>													
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
Profit for the period		-	-	-	-	-	382,810	-	-	-	382,810	81,361	464,171
Other comprehensive income		-	-	-	-	-	-	(11,137)	21,174	-	10,037	(2,365)	7,672
Total comprehensive income		-	-	-	-	-	382,810	(11,137)	21,174	-	392,847	78,996	471,843
Appropriations of 2019 earnings:	6. (17)												
Legal reserve		-	-	-	54,985	-	(54,985)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	18,001	(18,001)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(475,195)	-	-	-	(475,195)	-	(475,195)
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (16)	-	-	(114)	-	-	-	-	-	-	(114)	-	(114)
Change in associates and joint ventures accounted for under equity method	6. (6) (16)	-	-	106,218	-	-	-	-	-	-	106,218	-	106,218
Share-based Payment	6. (14) (16)	-	-	18,948	-	-	(2,097)	-	-	-	16,851	2,355	19,206
Changes in non-controlling interests-cash dividends	4 (3)	-	-	-	-	-	-	-	-	-	-	(66,018)	(66,018)
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	\$ 531,332	\$ 8,372,453
<b>For the year ended December 31, 2021</b>													
Balance at January 1, 2021		\$ 1,484,985	\$ -	\$ 5,473,802	\$ 387,553	\$ 63,315	\$ 484,744	(\$ 47,317)	(\$ 3,830)	(\$ 2,131)	\$ 7,841,121	\$ 531,332	\$ 8,372,453
Profit for the period		-	-	-	-	-	451,025	-	-	-	451,025	62,728	513,753
Other comprehensive income		-	-	-	-	-	-	(18,090)	6,563	-	(11,527)	(2,452)	(13,979)
Total comprehensive income		-	-	-	-	-	451,025	(18,090)	6,563	-	439,498	60,276	499,774
Appropriations of 2020 earnings:	6. (17)												
Legal reserve		-	-	-	38,071	-	(38,071)	-	-	-	-	-	-
Special reserve		-	-	-	-	(10,037)	10,037	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(371,246)	-	-	-	(371,246)	-	(371,246)
Capital surplus-cash dividend	6. (16) (17)	-	-	(74,249)	-	-	-	-	-	-	(74,249)	-	(74,249)
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (16)	-	-	(1,535)	-	-	-	-	-	-	(1,535)	-	(1,535)
Change in associates and joint ventures accounted for under equity method	6. (6) (16)	-	-	9,318	-	-	-	-	-	-	9,318	-	9,318
Share-based Payment	6. (14) (16)	-	-	19,906	-	-	(1,939)	-	-	-	17,967	5,808	23,775
Employee stock options exercised		-	1,200	6,684	-	-	-	-	-	-	7,884	-	7,884
Changes in non-controlling interests-cash dividends	4 (3)	-	-	-	-	-	-	-	-	-	-	(75,646)	(75,646)
Balance at December 31, 2021		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




  
 AAeon Technology Inc. and Subsidiaries  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2021	2020
<b>Cash flows from operating activities</b>			
Profit before tax		\$ 626,033	\$ 602,738
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6 (7) (8) (22)	79,308	89,401
Amortization expenses	6 (22)	15,034	13,148
Expected credit impairment losses (gains)	12 (2)	2,160 (	7,887 )
Costs of share-based payment awards	6 (14)	23,775	19,206
Interest income		( 4,724 ) (	7,124 )
Dividends income	6 (19)	( 19,530 ) (	17,348 )
Interest expenses	6 (8) (9) (21)	4,871	3,536
Net loss from financial assets and liabilities at fair value through profit or loss	6 (2) (10) (20)	24,662	55,316
Losses on disposal of property, plant and equipment	6 (7) (20)	809	27
Transferred to expenses and losses		1,801	-
Depreciation expense of investment property (other gains and losses)	6 (20)	6,191	5,177
Share of profit of associates accounted for under equity method	6 (6)	( 74,406 )	15,569
Gain on lease modification	6. (8)(20)	( 55 )	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 13,776 ) (	979 )
Notes and accounts receivable		( 521,775 )	95,237
Other receivables		( 35,138 )	628
Inventories		( 691,724 )	112,666
Prepayments		( 22,336 ) (	10,931 )
Net changes in operating liabilities			
Contract liability		38,757	56,326
Notes and accounts payable		252,772 (	155,341 )
Other payables		46,366 (	840 )
Other current liabilities		6,803	2,345
Provisions for liabilities		690 (	10,843 )
Other non-current liabilities		373 (	457 )
Net cash from operating activities		( 253,059 )	859,570
Interest received		4,724	7,124
Interest paid	6 (8)	( 4,819 ) (	3,536 )
Income taxes paid		( 135,878 ) (	139,458 )
Net cash flows from operating activities		( 389,032 )	723,700

(Continued)



  
 AAEON Technology Inc. and Subsidiaries  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2021	2020
<b>Cash flows from investing activities</b>			
Acquired financial assets at fair value through profit or loss		(\$ 8,769)	(\$ 11,474)
Disposal of financial assets at fair value through profit or loss		32,956	3,865
Acquired financial assets at fair value through other comprehensive income		( 30,000)	-
Decrease (increase) in other current assets		13,836	( 13,119)
Acquisition of investments accounted for under equity method	6 (6)	( 14,584)	( 27,951)
Acquisition of property, plant and equipment	6 (26)	( 315,929)	( 20,077)
Disposal of property, plant and equipment	6 (7)	1,078	354
Acquisition of intangible asset		( 7,132)	( 12,707)
Increase in other non-current assets		( 576)	( 4,688)
Dividends received		165,177	171,307
Net cash flows from investing activities		( 163,943)	85,510
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	6 (27)	67,217	( 3,275)
Increase in long-term borrowings	6 (27)	172,000	-
Reimbursement in long-term borrowings	6 (27)	( 6,213)	-
Repayment of lease principal	6 (8) (27)	( 38,945)	( 45,766)
Acquired shareholding of subsidiary		-	-
Changes in non-controlling interests - cash dividends for non-controlling interests	4 (3)	( 75,646)	( 66,018)
Employee share options exercised	6 (17)	( 445,495)	( 475,195)
Cash dividends paid	6 (14)	7,884	-
Net cash flows from financing activities		( 319,198)	( 590,254)
Effects due to changes in exchange rate		( 14,238)	( 7,996)
Increase (decrease) in cash and cash equivalents		( 886,411)	210,960
Cash and cash equivalents at the beginning of periods		2,727,931	2,516,971
Cash and cash equivalents at the end of periods		\$ 1,841,520	\$ 2,727,931

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



## Independent Auditors' Report

(2022)Tsai-Shen-Bao-Tzi No. 21003172

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, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020, 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 2021 and 2020, 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 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 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 amountded to \$3,922,180 thousand and \$3,432,055 thousand, constituting 43.98% and 40.04% of total assets as of December 31, 2021 and 2020, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$76,303 thousand and (\$31,129) thousand, respectively, constituting for 17.36% and (7.92%) of total comprehensive income for the years ended December 31, 2021 and 2020, 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 separate 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 25, 2022

#### **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 jurisdictions. 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.

  
 AAEON Technology Inc.  
 SEPARATE BALANCE SHEETS  
 DECEMBER 31, 2021 AND 2020  
 (Expressed In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current asset</b>						
1100	Cash and cash equivalents	6 (1)	\$ 1,362,293	15	\$ 2,131,484	25
1110	Financial asset at fair value through	6 (2)				
	profit or loss - current		372,966	4	390,461	5
1150	Net notes receivable	6 (3)	2,793	-	-	-
1170	Net accounts receivable	6 (3)	477,969	5	194,816	2
1180	Accounts receivable - net amount of	7				
	related party		543,690	6	221,383	3
1200	Other receivables	7	35,039	1	18,314	-
130X	Inventories	6 (4)	1,057,634	12	553,939	6
1410	Prepayments		45,299	1	28,704	-
11XX	<b>Total current assets</b>		<u>3,897,683</u>	<u>44</u>	<u>3,682,162</u>	<u>41</u>
<b>Non-current assets</b>						
1510	Financial asset at fair value through	6 (2)				
	profit or loss - non-current		28,811	-	30,378	-
1550	Investments accounted for under	6 (5)				
	equity method		4,526,137	51	4,576,864	54
1600	Property, plant and equipment	6 (6)	325,869	4	360,601	4
1755	Right-of-use assets	6 (7) and 7	48,419	1	2,336	-
1760	Investment property		31,648	-	-	-
1780	Intangible assets		12,899	-	19,421	-
1840	Deferred tax assets	6 (21)	37,142	-	33,717	1
1900	Other non-current assets		8,505	-	8,447	-
15XX	<b>Total non-current assets</b>		<u>5,019,430</u>	<u>56</u>	<u>5,031,764</u>	<u>59</u>
1XXX	<b>Total assets</b>		<u>\$ 8,917,113</u>	<u>100</u>	<u>\$ 8,570,865</u>	<u>100</u>

(Continued)

  
 AAEON Technology Inc.  
 SEPARATE BALANCE SHEETS  
 DECEMBER 31, 2021 AND 2020  
 (Expressed In Thousands of New Taiwan Dollars)

Liabilities and equity	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current liability</b>						
2130	Contract liability - current	6 (14)	\$ 76,855	1	\$ 80,279	1
2170	Accounts payables		348,184	4	171,059	2
2180	Accounts payables - related party	7	104,174	1	63,227	1
2200	Other payables	6 (8), 7	318,158	4	286,319	3
2230	Current tax liabilities		54,678	1	40,349	1
2250	Provisions - current		21,138	-	20,694	-
2280	Lease liability - current		21,816	-	2,397	-
2399	Other current liabilities - other		26,501	-	22,326	-
21XX	<b>Total current liabilities</b>		<u>971,504</u>	<u>11</u>	<u>686,650</u>	<u>8</u>
<b>Non-current liabilities</b>						
2527	Contract liability - non-current	6 (14)	5,203	-	6,773	-
2550	Provisions - non-current		6,014	-	5,427	-
2570	Deferred tax liabilities	6 (21)	38,161	1	30,601	1
2580	Lease liability - non-current		27,062	-	-	-
2600	Other non-current liabilities		411	-	293	-
25XX	<b>Total non-current liabilities</b>		<u>76,851</u>	<u>1</u>	<u>43,094</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>1,048,355</u>	<u>12</u>	<u>729,744</u>	<u>9</u>
<b>Equity</b>						
<b>Share capital</b>						
3110	Share capital-common stock	6 (11)	1,484,985	17	1,484,985	17
3140	Advance receipts for share capital		1,200	-	-	-
<b>Capital surplus</b>						
3200	Capital surplus	6 (12)	5,433,926	60	5,473,802	63
<b>Retained earnings</b>						
3310	Legal reserve	6 (13)	425,624	5	387,553	5
3320	Special reserve		53,278	1	63,315	1
3350	Undistributed retained earnings		534,550	6	484,744	6
<b>Other equity</b>						
3400	Other equity		(64,805)	(1)	(53,278)	(1)
3XXX	<b>Total equity</b>		<u>7,868,758</u>	<u>88</u>	<u>7,841,121</u>	<u>91</u>
<b>Significant contingent liabilities and unrecognition contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 8,917,113</u>	<u>100</u>	<u>\$ 8,570,865</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc.  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2021		2020	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6 (14), 7	\$ 4,430,500	100	\$ 4,085,537	100
5000 <b>Operating costs</b>	6 (4) (19) (20), 7	( 3,347,613)	( 76)	( 2,973,411)	( 73)
5900 <b>Gross profit from operations</b>		1,082,887	24	1,112,126	27
5910 Unrealized profit from sales		( 49,521)	( 1)	( 31,744)	( 1)
5920 Realized profit from sales		31,744	1	44,250	1
5950 <b>Gross profit form operations, net</b>		1,065,110	24	1,124,632	27
<b>Operating expenses</b>	6 (9) (19) (20) and 7				
6100 Selling expense		( 153,632)	( 3)	( 172,002)	( 4)
6200 General and administrative expenses		( 116,303)	( 3)	( 128,213)	( 3)
6300 Research and development expenses		( 394,732)	( 9)	( 377,457)	( 10)
6450 Expected credit impairment loss or (gain)	12 (2)	87	-	1,659	-
6000 <b>Total operating expense</b>		( 664,580)	( 15)	( 676,013)	( 17)
6900 <b>Operating income</b>		400,530	9	448,619	10
<b>Non-operating income and expenses</b>					
7100 Interest income	6 (15)	3,926	-	5,944	-
7010 Other income	6 (16)	18,022	1	21,043	1
7020 Other gains and losses	6 (17) and 7	( 28,659)	( 1)	( 78,001)	( 2)
7050 Financial costs	6 (18)	( 1,170)	-	( 278)	-
7070 Share of the profit of the subsidiaries, associates and joint ventures accounted for under equity method		147,828	3	84,270	2
7000 <b>Total non-operating income and expenses</b>		139,947	3	32,978	1
7900 <b>Profit before income tax</b>		540,477	12	481,597	11
7950 Income tax expense	6 (21)	( 89,452)	( 2)	( 98,787)	( 2)
8200 <b>Profit for the year</b>		\$ 451,025	10	\$ 382,810	9
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8330 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		\$ 6,603	-	\$ 21,095	1
8310 <b>Total other comprehensive income (loss) that will not be reclassified to profit or loss</b>		6,603	-	21,095	1
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		( 17,138)	-	( 9,368)	-
8380 Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss		( 3,968)	-	( 3,175)	-
8399 Income tax relating to the components of other comprehensive income	6 (21)	2,976	-	1,485	-
8360 <b>Total amount to be reclassified to profit or loss in subsequent periods</b>		( 18,130)	-	( 11,058)	-
8500 <b>Total comprehensive income</b>		\$ 439,498	10	\$ 392,847	10
<b>Basic earnings per share</b>	6 (22)				
9750 <b>Basic earnings per share</b>		\$ 4.22		\$ 3.58	
<b>Diluted earnings per share</b>	6 (22)				
9850 <b>Diluted earnings per share</b>		\$ 4.19		\$ 3.56	

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc.  
SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed In Thousands of New Taiwan Dollars, except as otherwise indicated)

	Notes	Share Capital		Retained Earnings				Other Equity			Total
		Common shares	Advance receipts for share capital	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	
<b>For the years ended December 31, 2020</b>											
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		-	-	-	-	-	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 )	-	-	-	-
Reversal of 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 under equity method	6 (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
<b>For the year ended December 31, 2021</b>											
Balance at January 1, 2021		\$ 1,484,985	\$ -	\$ 5,473,802	\$ 387,553	\$ 63,315	\$ 484,744	(\$ 47,317 )	(\$ 3,830 )	(\$ 2,131)	\$ 7,841,121
Profit for the period		-	-	-	-	-	451,025	-	-	-	451,025
Other comprehensive income		-	-	-	-	-	-	( 18,090 )	6,563	-	( 11,527 )
Total comprehensive income		-	-	-	-	-	451,025	( 18,090 )	6,563	-	439,498
Appropriations of 2020 earnings:	6 (13)										
Legal reserve		-	-	-	38,071	-	( 38,071 )	-	-	-	-
Special reserve		-	-	-	-	( 10,037 )	10,037	-	-	-	-
Cash dividends		-	-	-	-	-	( 371,246 )	-	-	-	( 371,246 )
Capital surplus-cash dividend	6 (12)	-	-	( 74,249 )	-	-	-	-	-	-	( 74,249 )
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (12)	-	-	( 1,535 )	-	-	-	-	-	-	( 1,535 )
Change in associates and joint ventures accounted for under equity method	6 (12)	-	-	9,318	-	-	-	-	-	-	9,318
Share-based Payment	6 (10) (12)	-	-	19,906	-	-	( 1,939 )	-	-	-	17,967
Employee stock options exercised	6 (10)	-	1,200	6,684	-	-	-	-	-	-	7,884
Balance at December 31, 2021		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407 )	\$ 2,733	(\$ 2,131)	\$ 7,868,758

Chairman: Yung-Shun Chuang



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

Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



  
 AAEON Technology Inc.  
**SEPARATE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed In Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2021	2020
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 540,477	\$ 481,597
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6. (6) (7) (19)	39,161	41,791
Amortization expenses	6. (19)	13,112	11,635
Expected credit impairment losses (gains)	12. (2) (	87 ) (	1,659 )
Costs of share-based payment awards	6. (10)	10,367	12,285
Interest income	6. (15) (	3,926 ) (	5,944 )
Dividend income	6. (16) (	13,312 ) (	15,725 )
Interest expenses	6. (7) (18)	1,170	278
Net loss from financial assets and liabilities at fair value through profit or loss	6. (2) (17)	18,679	71,610
Gain on disposal of property, plant and equipment	6. (17) (	88 )	-
Depreciation expense of investment property (other gains and losses)	6. (17)	942	-
Transferred to expenses and losses		1,800	-
Share of profit of associates accounted for under equity method		( 147,828 ) (	84,270 )
Realised (gain) loss on inter-affiliate accounts		17,777 (	12,506 )
Gain on lease modification	6. (7) (17) (	60 )	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		( 5,381 )	80
Notes and accounts receivable (including related parties)		( 608,166 )	246,633
Other receivables		( 14,365 ) (	8,498 )
Inventories		( 503,695 )	83,077
Prepayments		( 16,966 ) (	3,683 )
Net changes in operating liabilities			
Contract liability		( 4,994 )	19,436
Notes and accounts payable (including related parties)		218,072 (	159,518 )
Other payables		32,268 (	8,999 )
Other current liabilities		4,175	1,844
Provisions for liabilities		1,031 (	8,350 )
Other non-current liabilities		118	-
Net cash from operating activities		( 419,719 )	649,819
Interest received		3,926	5,944
Interest paid	6. (7) (	1,170 ) (	278 )
Income taxes paid		( 68,012 ) (	115,819 )
Net cash flows from operating activities		( 484,975 )	550,961

(Continued)

  
AAEON Technology Inc.  
SEPARATE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed In Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2020	2020
<u>Cash flows from investing activities</u>			
Acquired financial assets at fair value through profit or loss		(\$ 5,146)	(\$ 11,295)
Disposal of financial assets at fair value through profit or loss		10,910	-
Acquisition of property, plant and equipment	6. (23)	( 19,266)	( 7,093)
Proceeds from disposal of property, plant and equipment		1,031	-
Increase in intangible assets		( 5,871)	( 7,055)
Increase in refundable deposits		( 555)	( 9)
Increase in other non-current assets		( 1,075)	( 5,142)
Dividends received		192,588	206,582
Net cash flows from investing activities		172,616	175,988
<u>Cash flows from financing activities</u>			
Cash dividends paid	6. (13)	( 445,495)	( 475,195)
Repayment of lease principal	6. (7) (24)	( 19,221)	( 18,460)
Employee share options exercised	6. (10)	7,884	-
Net cash flows from financing activities		( 456,832)	( 493,655)
Increase (decrease) in cash and cash equivalents		( 769,191)	233,294
Cash and cash equivalents at the beginning of periods		2,131,484	1,898,190
Cash and cash equivalents at the end of periods		\$ 1,362,293	\$ 2,131,484

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



**AAEON Technology Inc.**  
**Rules of Procedure for Shareholders Meetings**

Revision Date: July 9, 2021

- 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.
- 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 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 discussed in the meeting. The Board of directors may not have the proposals presented by shareholders that fall under the scope of Article 172-1 Paragraph 4 of the Company Act included 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.

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.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the

chairperson shall appoint one of the managing directors to act as chair, 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.**  
**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 to 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 June 25, 2015. The fourth 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.**  
**Procedures for Election of Directors**

Revision Date: July 9, 2021

- 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: 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 5: The election of the Company's directors shall be conducted in accordance with the candidate nomination system 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, the Company 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 by the Articles of Incorporation, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for

director(s).

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, a by-election shall be held at the next shareholders meeting to fill the vacancy. When all the independent directors are dismissed, 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 6: 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 7: 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 8: 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 9: 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 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 11: 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 12: The elected directors shall be notified by the company.

Article 13: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.



## AAEON TECHNOLOGY INC. Director Shareholding

1. The Company's paid-in capital is NT\$ 1,486,554,680 Total number of issued shares is 148,655,468.
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 8,919,329 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 29, 2022

Title	Name	Date elected	Shares Owned (share)	Shareholding 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	29.43%	Jonny Shih
Director	ASUSTeK Computer Inc.	2019/5/31	43,756,000	29.43%	Jonathan Tsang
Director	ASUSTeK Computer Inc.	2019/5/31	43,756,000	29.43%	S.Y. Hsu
Director	iBase Technology Inc.	2019/5/31	41,698,468	28.05%	Chiu-Hsu, Lin
Director	iBase Technology Inc.	2019/5/31	41,698,468	28.05%	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	60.52%	

## 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 2021 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 21, 2022 and March 30, 2022, 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.