STOCK CODE : 6579

2023 ANNUAL GENERAL SHAREHOLDERS' MEETING

Meeting Agenda

Date: May 31, 2023

Location: 9F, No. 135, Lane 235, Pao Chiao Rd., Hsin-Tien Dist, New Taipei City

研揚科技股份有限公司

AAEON Technology Inc.

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

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2023 Annual General Meeting Procedures

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AAEON Technology Inc.
2023 Annual General Meeting Agendas

Time: 9:00 am on May 31 (Wednesday), 2023.

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

Convening method: physical shareholders meeting

1. Commence Meeting
2. Chairman's Speech
3. Reporting matters:
   (1) Business report of 2022.
   (2) Audit Committee's review report of 2022.
   (3) Report of Directors' Compensation and Employees' Compensation for 2022.
4. Proposals:
   (1) To adopt 2022 Business Report and Financial Statements.
   (2) To adopt the proposal for distribution of 2022 profits.
5. Discussions:
   (1) Discussion of amendments to the Company's "Procedures of Acquisition or Disposal of Assets"
   (2) Discussion of amendments to the Company's "Articles of Incorporation"
6. Questions and Motions
7. Adjournment

Reporting matters

No. 1: Proposed by the Board
Case Summary: Please review the business report of 2022.
Description: the business report of 2022. is as follows:

Hello Ladies and Gentlemen,

Thank you for attending our 2023 annual general meeting despite your busy schedule.

The year of 2022 was a challenging year. The outbreak of the pandemic at the beginning of the year affected the Company's operations. Then, we were faced with the issues of a shortage of materials and a difficulty in shipments. The shortage of labor and cabinets impacted the delivery, prolonging the delivery time. All of this was testing AAEON's management team's business administration skills.

Fortunately, with all the staff's collective endeavors, we overcame the difficulties one by one and achieved brilliant performance. The 2022 annual revenue increased by 32%, gross profit increased by 48%, and net income after tax increased by 129%. The annual revenue, gross profit, and net income after tax all hit record highs, which may be the best performance over the past ten years.

The detailed explanations are as below:

1. The 2022 Business result:
   (1) Operating performance
      1. Revenues and profits: AAEON's consolidated operating income in 2022 was NT$8,352,076 thousand, gross profit was NT$2,753,135 thousand, operating revenue was NT$1,194,090 thousand, net income after tax was NT$1,177,836 thousand, net profit attributable to the parent company was NT$1,074,460 thousand, while earnings per share (EPS) was NT$10.03.
      2. Revenue analysis: In terms of regions, all regions except China witnessed double-digit growth. Among them, we witnessed the best performance in Europe and the United States, with a growth rate of 30%. The growth rate of emerging markets also reached 27%. Regarding product lines, almost all product lines witnessed double-digit growth, of which network security has grown by 70%, and embedded mainboards, industrial mainboards, system platforms, and rugged tablets have also grown by 25–30%.
      3. Budget implementation: The Company did not publish our financial forecast in 2022.
      4. Client management: AAEON continues to manage client relations and proactively develops new clients. During 2022, we have developed more than 40 major clients, each worth more than US$1 million. 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 2022, we created a total of more than US$5 million in revenue in this regard.
      5. Other operational results:
         - Won the 10th place in the Middle-Standing Enterprises Group of the CSR Awards of the CommonWealth magazine
         - Certified with Taiwan i Sports
         - Won the 10th Award for Outstanding Taiwanese Business in China
   (2) Research and development and innovations

1. BOXER-8240AI won the Best Choice Awards in 2022.
2. AAEON launched the DeNext product line, the world's smallest single board computer with the highest performance capabilities.
3. AAEON launched a number of new products, including GENE-ADP6 and UP6000, which were widely reported by well-known international media.
4. AAEON took the lead in the industry to launch Nvidia Jetson Orin products.

(3) Marketing and promotion

1. The Company's official website traffic continued to hit new heights, with the annual traffic exceeding 1.5 million visits and the AI network traffic also exceeding 500,000 visits.
2. In the post-pandemic era, physical exhibitions have been held gradually. We have participated in important exhibitions in various places and held seminars with our partners. Thus, we have worked with many new clients and created many new business opportunities.

2. 2023 business plan:

The year of 2023 is a year full of uncertainties. Global inflation has resulted in hidden concerns about economic recession, high inventory levels has led to declining demand, and the economic conflict between China and the United States has divided the world into two. All of this has made it more difficult for businesses in 2023, and the growth estimation is also full of uncertainties.

However, despite the pessimism in the macro environment, there are still many markets with excellent growth opportunities, such as green energy, electric vehicles, robots, network security and smart cities, which are expected to bolster AAEON’s growth.

(1) Business strategy

1. Enhance customized services, improve the customized process, and provide flexible, quick, and high-quality customized services.
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. Continue to innovate products and processes, launch competitive products, and improve operational effectiveness.
4. Enter new markets or increase market share through joint ventures or mergers and acquisitions.

(2) Important strategies

1. Expand the business scope and business teams, increase sales channels, and promote e-commerce.
2. Reinforce customer relations and differentiate global KA, regional KA, and sales KA to provide exclusive services and meet different needs.
3. Develop markets vertically, set up a business development manager (BDM) team, and develop important clients in vertical industries.

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 建宏 林

Chief of Accounting Officer: Jen-Chun, Wang

No. 2: Proposed by the Board

Case Summary: audit Committee's review report of 2022. Please review.

Description: the company’s “Audit Committee's review report of 2022.” is as follows:

Audit Committee's Review Report of AAEON Technology Inc.

The Board of Directors has prepared the AAEON Technology Inc. (“the Company”) 2022 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: Mrs. Xiulian Lin

February 24, 2023

No. 3: Proposed by the Board

Case Summary: report of Directors' Compensation and Employees' Compensation for 2022. 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 2022 profit is NT$1,422,826,729. It is proposed to appropriate 8.36% as the employee's compensation, NT$118,958,000 in total and 0.61% as the director's remuneration, NT$8,712,000 in total. The payment will be made in cash. The appropriated amount is consistent with the budgeted expenditure of 2022.
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 2022 Business Report and Financial Statements.

Description:

1. The Board of Director has resolved on the company's 2022 operating report and financial statements on February 24, 2023. 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 2022 profits.

Description: pursuant to Article 23-1 of the company's bylaws, the proposal of 2022 surplus distribution is as attached schedule and explained as follows:

1. By adding the retained earnings from the previous year, NT$1,074,459,778, to the company's net profit after tax of 2022, NT$91,706,369, and share-based payment, NT$347,159, the total distributable surplus of the current period is NT$1,165,818,988. After appropriating the legal reserve NT$107,411,262 and reversal of special reserve NT$52,445,506, it is proposed to distribute NT$746,127,340 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
2022

Item	Amount (in NT$)
Opening undistributed earnings	91,706,369
Current year net income after tax	1,074,459,778
The effects of long-term investments not recognized by shareholding percentage	0
Changes of the associates and joint ventures recognized under the Equity Method	0
Share-based payment	(347,159)
Profit after tax of current year and undistributed earnings other than profit after tax	1,074,112,619
Legal reserve appropriated	(107,411,262)
Special reserve reversed (appropriated)	52,445,506
Earnings to be allocated	1,110,853,232

Earnings distribution:	
Shareholder Bonus (NT$5 per share in cash) (Note 1)	(746,127,340)
Closing undistributed earnings	364,725,892

Note 1: Calculated based on 149,225,468 outstanding shares on December 31, 2022.

Chairman:  **Manager:** 

Accounting Supervisor: 

Resolution:

Discussions

No. 1: Proposed by the Board

Proposal: Amendments to the Company's Procedures of Acquisition or Disposal of Assets.

Details: It is proposed to amend the Company's Procedures of Acquisition or Disposal of Assets in alignment with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended by the Financial Supervisory Commission to meet the needs for practical operations. The current provisions and proposed amendments are compared as follows:

Clauses after the amendment	Clauses before the amendment	Notes
Article 7 Paragraphs 1, 2, and 3 are omitted. 4. Appraisal Report of Real Estate, Equipment or Right-of-use asset When acquiring or disposing of any real estate, equipment or the right-of-use asset, unless it is a transaction with a domestic government agency, a contracted construction on a company-owned land, acquisition or disposal of machine and equipment for operating purpose, the company should retain a professional appraisal agency to issue the appraisal report before the transaction occurs if the transaction amount meets 20% of the paid-in capital, or exceeds NT$300 million, and subject to the following requirements: (1)–(2) are omitted. (3)In case of any of the following appraisal results, unless the appraised value of the acquired asset is higher than the transaction amount, or the appraised value of the disposed asset is lower than the transaction	Article 7 Paragraphs 1, 2, and 3 are omitted. 4. Appraisal Report of Real Estate, Equipment or Right-of-use asset When acquiring or disposing of any real estate, equipment or the right-of-use asset, unless it is a transaction with a domestic government agency, a contracted construction on a company-owned land, acquisition or disposal of machine and equipment for operating purpose, the company should retain a professional appraisal agency to issue the appraisal report before the transaction occurs if the transaction amount meets 20% of the paid-in capital, or exceeds NT$300 million, and subject to the following requirements: (1)–(2) are omitted. (3) In case of any of the following appraisal results, unless the appraised value of the acquired asset is higher than the transaction amount, or the appraised value of the disposed asset is lower than the transaction value, an accountant	Considering that we have amended the provision regarding the requirement for external experts to issue opinions in compliance with the self-discipline regulations released by associations to which they belong, which has covered the procedures for

value, an accountant should be engaged to express a specific opinion about such differences and the appropriateness of the transaction price. 1. The spread between the appraisal result and the transaction amount exceeds 20%. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. Omitted hereinafter.	should be engaged to perform the auditing standards published by the Accounting Research and Development Foundation (hereinafter referred to as "ARDF"), and state the concrete opinion about such differences and the appropriateness of the transaction price. 1. The spread between the appraisal result and the transaction amount exceeds 20%. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. Omitted hereinafter.	accountants to issue opinions, the provision that an accountant should proceed as per the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation under paragraph 4, subparagraph 3 is deleted.
Article 8 Paragraphs 1, 2, and 3 are omitted. 4. Expert opinion In the case of acquisition or disposal of securities, when the transaction amount reaching at least 20% of the company's paid-in capital or at least NT$300 million, the Company shall request a CPA to issue an opinion on the reasonableness of the transaction price before the date of the acquisition or disposal. However, exceptions are made if the marketable securities are with a quote in an active market or it is otherwise regulated by the Financial Supervisory Commission.	Article 8 Paragraphs 1, 2, and 3 are omitted. 4. Expert opinion When acquiring or disposing of any securities, the company should retain an accountant to issue the opinion about the reasonableness of the transaction price before the transaction date and any reference of an expert report, if necessary, should be in accordance with the auditing standards published by the Accounting Research and Development Foundation if the transaction amount meets 20% of the paid-in capital or exceeds NT$300 million. However, exceptions are made if the	The reasons for the amendment are the same as those described in Article 7.

	marketable securities are with a quote in an active market or it is otherwise regulated by the Financial Supervisory Commission.	
Article 10 Paragraphs 1, 2, and 3 are omitted. 4. Expert's Evaluation Report for Intangible Asset or the Right-of-Use Asset, or Membership (1)–(2) are omitted. (3) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	Article 10 Paragraphs 1, 2, and 3 are omitted. 4. Expert's Evaluation Report for Intangible Asset or the Right-of-Use Asset, or Membership (1)–(2) are omitted. (3) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards published by the ARDF.	The reasons for the amendment are the same as those described in Article 7.

Resolution:

No. 2: Proposed by the Board

Proposal: The amendments to the Articles of Incorporation are submitted for resolution.

Description: In alignment with the business scope defined by the Ministry of Economic Affairs, Article 162 of the Company Act, Article 4 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, and corporate governance evaluation indicators, Company's Articles of Incorporation was partially amended as appropriate. The current provisions and proposed amendments are compared as follows:

<table>
<tr><th>Clauses after the amendment</th><th>Clauses before the amendment</th><th>Notes</th></tr>
<tr><td>Article 1
The Company's business operation is as follows:
1. CC01070 Telecommunication Equipment and Apparatus Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CC01110 <u>Computers and Computing Peripheral Equipments Manufacturing</u>
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.</td><td>Article 1
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.</td><td>Text revision</td></tr>
<tr><td>Article 7
The Company issues registered</td><td>Article 7
The Company issues registered</td><td>The text was</td></tr>
</table>

shares. The certificate should be signed or stamped by the directors representing the Company, 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 for the shares issued in accordance with the enterprise's regulations.	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.	amended as appropriate in accordance with Article 162 of the Company Act.
Article 13 The Company should have eleven to thirteen 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 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.	It was amended in accordance with Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers and to meet the needs for the Company's future operations and development.
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.	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.	To improve the dividend policy, the percentages were amended as appropriate in accordance with the corporate governance evaluation indicator 3.12.

Regarding the payout of future dividends, the Company may distribute part or all of the year's distributable earnings based on financial, business, and operational factors. At least 50% of the earnings to be distributed shall be provided for shareholder dividends, of which cash dividends shall not be lower than 50% of the total dividends to be paid out. The payout amount is subject to the approval of the shareholders' meeting.	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.	
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. The eighth amendment and reinstatement are made on May 31, 2023.	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.	Add the number and date of this revision.

Resolution:

Extempore Motion

Adjournment

Appendix

INDEPENDENT AUDITORS' REPORT

(2023) Tsai-Shen-Bao-Tzi No.22003277

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, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2022 and 2021, 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, 2022, and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 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 that came into effect 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 Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. 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 Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2022 consolidated financial statements. 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 of top 10 sales customer with higher revenue growth rate

Description

Refer to Note 4(29) for the accounting policies on revenue recognition, and Note 6(19) 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. By comparing the top 10 sales customer lists between the years 2022 and 2021, it was found that the revenue growth of the Group in 2022 significantly increased due to the rising demand for industrial computers and systems from European and American clients. Therefore, we have identified the existence of customers with higher revenue growth rates among the Group's top 10 sales targets 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 top ten sales customers with higher revenue growth rates.
3. Obtain and select relevant vouchers for the transactions involving operating revenue of top ten sales customers with higher revenue growth rates.

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.

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 $4,143,549 thousand and $3,922,180 thousand, constituting 36.34% and 38.35% of total assets as of December 31, 2022 and 2021, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to $340,359 thousand and $76,303 thousand, respectively, constituting for 27.48% and 15.27% of total comprehensive income for the years ended December 31,2022 and 2021 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, 2022 and 2021.

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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 2022 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-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 24, 2023

Note to Readers

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

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

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current asset					
1100	Cash and cash equivalents	6. (1)	$ 2,234,203	20	$ 1,841,520	18
1110	Financial asset at fair value through profit or loss - current	6. (2) and 7	307,675	3	425,306	4
1150	Net notes receivable	6. (4)	17,615	-	23,655	-
1170	Net accounts receivable	6. (4)	1,135,029	10	1,174,099	11
1200	Other receivables	7	26,067	-	57,692	1
1220	Current tax assets		15,510	-	12,603	-
130X	Inventories	6. (5)	2,088,345	18	1,518,035	15
1410	Prepayments		92,483	1	89,415	1
1479	Other current liabilities - other	8	2,034	-	1,631	-
11XX	**Total current assets**		5,918,961	52	5,143,956	50
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6. (2)	55,503	1	65,217	1
1517	Financial assets at fair value through other comprehensive income - non-current	6. (3)	27,536	-	32,381	-
1550	Investments accounted for under equity method	6. (6)	4,143,549	36	3,922,180	38
1600	Property, plant and equipment	6. (7), 8	805,741	7	800,321	8
1755	Right-of-use assets	6. (8)	121,490	1	82,067	1
1760	Investment property	6. (9) and 7	222,929	2	79,758	1
1780	Intangible assets		13,313	-	17,726	-
1840	Deferred tax assets	6. (25)	74,247	1	57,557	1
1900	Other non-current assets	8	19,717	-	14,842	-
15XX	**Total non-current assets**		5,484,025	48	5,072,049	50
1XXX	**Total assets**		$ 11,402,986	100	$ 10,216,005	100

(Continued)

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liability					
2100	Short-term borrowings	6. (10)	$ -	-	$ 105,000	1
2130	Contract liability - current	6. (19)	255,211	2	226,231	2
2150	Notes payables		19	-	-	-
2170	Accounts payables		365,065	3	487,425	5
2180	Accounts payables-related parties	7	70,908	1	93,486	1
2200	Other payables	6. (13), and 7	593,533	5	433,117	4
2230	Current tax liabilities		253,864	2	73,617	1
2250	Provisions - current		34,423	-	27,411	-
2280	Lease liability - current		38,406	1	29,303	-
2320	Long-term liabilities-current Portion	6. (12), 8	10,376	-	10,744	-
2399	Other current liabilities - other		37,940	1	33,512	1
21XX	**Total current liabilities**		1,659,745	15	1,519,846	15
	Non-current liabilities					
2527	Contract liability - non-current	6. (19)	73,425	1	47,341	-
2540	Long-term borrowings	6. (12), 8	144,910	1	155,043	2
2550	Provisions - non-current		11,317	-	8,014	-
2570	Deferred tax liabilities	6. (25)	57,861	-	39,438	-
2580	Lease liability - non-current		84,768	1	53,639	1
2670	Other non-current liabilities - other		8,062	-	2,156	-
25XX	**Total non-current liabilities**		380,343	3	305,631	3
2XXX	**Total liabilities**		2,040,088	18	1,825,477	18
	Equity					
	Equity attributable to owners of parent					
	Share capital	6. (16)				
3110	Share capital-common stock		1,490,825	13	1,484,985	15
3140	Advance receipts for share capital		1,430	-	1,200	-
	Capital surplus	6. (15) (17)				
3200	Capital surplus		5,461,370	48	5,433,926	53
	Retained earnings	6. (18)				
3310	Legal reserve		470,533	4	425,624	4
3320	Special reserve		64,805	1	53,278	1
3350	Undistributed retained earnings		1,165,819	10	534,550	5
	Other Equity					
3400	Other Equity		(12,359)	(-)	(64,805)	(1)
31XX	**Total equity attributable to owners of parent**		8,642,423	76	7,868,758	77
36XX	**Non-controlling interests**	4. (3)	720,475	6	521,770	5
3XXX	**Total equity**		9,362,898	82	8,390,528	82
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 11,402,986	100	$ 10,216,005	100

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, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating income**	6. (19), 7	$ 8,352,076	100	$ 6,347,704	100
5000	**Operating cost**	6. (5) (23) (24), and 7	(5,598,941)	(67)	(4,492,653)	(71)
5900	**Operating profit**		2,753,135	33	1,855,051	29
	Operating expenses	6. (14)(23)(24) and 7				
6100	Selling expense		(588,291)	(7)	(508,093)	(8)
6200	General and administrative expenses		(368,231)	(5)	(301,043)	(4)
6300	Research and development expenses		(599,554)	(7)	(495,114)	(8)
6450	Expected credit impairment (loss) or gain	12. (2)	(2,969)	-	(2,160)	-
6000	**Total operating expense**		(1,559,045)	(19)	(1,306,410)	(20)
6900	**Operating income**		1,194,090	14	548,641	9
	Non-operating income and expenses					
7100	Interest income		7,242	-	4,724	-
7010	Other income	6. (20)	35,953	-	33,096	-
7020	Other gains and losses	6. (21)	(85,293)	(1)	(29,963)	-
7050	Financial costs	6. (22)	(5,989)	-	(4,871)	-
7060	Share of the profit of the associates and joint ventures accounted for under equity method	6. (6)	317,029	4	74,406	1
7000	**Total non-operating income and expenses**		268,942	3	77,392	1
7900	**Profit before income tax**		1,463,032	17	626,033	10
7950	Income tax expense	6. (25)	(285,196)	(3)	(112,280)	(2)
8200	**Profit for the year**		$ 1,177,836	14	$ 513,753	8

(Continued)

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealized gains(losses) on financial assets at FVOCI	6. (3)	($ 4,845)	-	$ -	-
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. (6)	16,347	-	6,410	-
8310	**Total amount not to be reclassified to profit or loss in subsequent periods**		11,502	-	6,410	-
	To be reclassified to profit or loss in subsequent periods					
8361	Financial statements translation differences of foreign operations		52,621	1	(19,844)	-
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	6. (6)	6,983	-	(4,513)	-
8399	Income tax relating to the components of other comprehensive income	6. (25)	(10,523)	-	3,968	-
8360	**Total amount to be reclassified to profit or loss in subsequent periods**		49,081	1	(20,389)	-
8300	**Net Other comprehensive income**		$ 60,583	1	($ 13,979)	-
8500	**Total comprehensive income**		$ 1,238,419	15	$ 499,774	8
	Net income attributable to:					
8610	Shareholders of the parent		$ 1,074,460	13	$ 451,025	7
8620	Non-controlling interest		103,376	1	62,728	1
			$ 1,177,836	14	$ 513,753	8
	Total comprehensive income attributable to:					
8710	Shareholders of the parent		$ 1,126,906	14	$ 439,498	7
8720	Non-controlling interest		111,513	1	60,276	1
			$ 1,238,419	15	$ 499,774	8
	Basic earnings per share	6. (26)				
9750	**Total basic earnings per share**		$ 10.03		$ 4.22	
	Diluted earnings per share	6. (26)				
9850	**Total diluted earnings per share**		$ 9.86		$ 4.19	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent											
		Share Capital			Retained Earnings			Other Equity					
	Notes	Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) form financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
For the year ended December 31, 2021													
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 fo 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. (18)												
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. (17) (18)		-	(74,249)	-	-	-	-	-	-	(74,249)	-	(74,249)
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	(1,535)	-	-	-	-	-	-	(1,535)	-	(1,535)
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	9,318	-	-	-	-	-	-	9,318	-	9,318
Share-based Payment	6. (15) (17)	-	-	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
For the year ended December 31, 2022													
Balance at January 1, 2022		$ 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
Profit fo the period		-	-	-	-	-	1,074,460	-	-	-	1,074,460	103,376	1,177,836
Other comprehensive income		-	-	-	-	-	-	44,002	8,444	-	52,446	8,137	60,583
Total comprehensive income		-	-	-	-	-	1,074,460	44,002	8,444	-	1,126,906	111,513	1,238,419
Appropriations of 2021 earnings:	6. (18)												
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	-	(386,408)	-	(386,408)
Capital surplus-cash dividend	6. (17) (18)	-	-	(74,309)	-	-	-	-	-	-	(74,309)	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	6. (17)	-	-	19,802	-	-	-	-	-		19,802	(19,802)	-
Recognition of changes in ownership interest in subsidiary	6. (17)	-	-	1,630	-	-	-	-	-		1,630	(1,630)	-
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	(443)	-	-	-	-	-	-	(443)	-	(443)
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	37,860	-	-	-	-	-	-	37,860	-	37,860
Share-based Payment	6. (15) (17)	-	-	10,363	-	-	(347)	-	-	-	10,016	4,375	14,391
Employee stock options exercised	6. (15) (17)	5,840	230	32,541	-	-	-	-	-		38,611	-	38,611
Changes in non-controlling interests-subsidiary increase cash capital		-	-	-	-	-	-	-	-		-	172,266	172,266
Changes in non-controlling interests-cash dividends	4 (3)	-	-	-	-	-	-	-	-	-	-	(68,017)	(68,017)
Balance at December 31, 2022		$ 1,490,825	$ 1,430	$ 5,461,370	$ 470,533	$ 64,805	$1,165,819	($ 21,405)	$ 11,177	($ 2,131)	$ 8,642,423	$ 720,475	$ 9,362,898

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, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31, 2022	2021
Cash flows from operating activities			
Profit before tax		$ 1,463,032	$ 626,033
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6 (7) (8) (23)	84,830	79,308
Amortization expenses	6 (23)	16,175	15,034
Expected credit impairment losses (gains)	12 (2)	2,969	2,160
Costs of share-based payment awards	6 (15)	22,565	23,775
Interest income		(7,242)	(4,724)
Dividends income	6 (20)	(18,256)	(19,530)
Interest expenses	6 (8) (10) (12) (22)	5,989	4,871
Net loss from financial assets and liabilities at fair value through profit or loss	6 (2) (21)	177,760	24,662
Losses on disposal of property, plant and equipment	6 (7) (21)	2,190	809
Transferred to expenses and losses		2,443	1,801
Depreciation expense of investment property (other gains and losses)	6 (9) (21)	6,613	6,191
Share of profit of associates accounted for under equity method	6 (6)	(317,029)	(74,406)
Gain on lease modification	6. (8)(21)	(36)	(55)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(104,919)	(13,776)
Notes and accounts receivable		41,585	(521,775)
Other receivables		31,821	(35,138)
Inventories		(570,310)	(691,724)
Prepayments		(3,068)	(22,336)
Net changes in operating liabilities			
Contract liability		55,064	38,757
Notes and accounts payable		(144,919)	252,772
Other payables		158,877	46,366
Other current liabilities		4,428	6,803
Provisions for liabilities		10,315	690
Other non-current liabilities		5,906	373
Net cash from operating activities		926,783	(253,059)
Interest received		7,242	4,724
Interest paid		(6,012)	(4,819)
Income taxes paid		(121,811)	(135,878)
Net cash flows from operating activities		806,202	(389,032)

(Continued)

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31, 2022	2021
Cash flows from investing activities			
Acquired financial assets at fair value through profit or loss		($ 5,168)	($ 8,769)
Disposal of financial assets at fair value through profit or loss		59,672	32,956
Acquired financial assets at fair value through other comprehensive income		-	(30,000)
Decrease (increase) in other current assets		(403)	13,836
Acquisition of investments accounted for under equity method	6 (6)	(15,802)	(14,584)
Acquisition of property, plant and equipment	6 (27)	(150,453)	(315,929)
Disposal of property, plant and equipment	6 (7)	-	1,078
Acquisition of intangible asset		(10,068)	(7,132)
Increase in other non-current assets		(38,515)	(576)
Dividends received		190,465	165,177
Net cash flows from investing activities		29,728	(163,943)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (28)	(105,000)	67,217
Increase in long-term borrowings	6 (28)	-	172,000
Reimbursement in long-term borrowings	6 (28)	(10,501)	(6,213)
Repayment of lease principal	6 (8) (28)	(42,403)	(38,945)
Changes in non-controlling interests - cash dividends for non-controlling interests	4 (3)	(68,017)	(75,646)
Cash dividends paid	6 (18)	(460,717)	(445,495)
Changes in non-controlling interests-subsidiary increase cash capital		172,266	-
Employee share options exercised	6 (15)	38,611	7,884
Net cash flows from financing activities		(475,761)	(319,198)
Effects due to changes in exchange rate		32,514	(14,238)
Increase (decrease) in cash and cash equivalents		392,683	(886,411)
Cash and cash equivalents at the beginning of periods		1,841,520	2,727,931
Cash and cash equivalents at the end of periods		$ 2,234,203	$ 1,841,520

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

Chairman: Yung-Shun Chuang Manager: Chien-Hung Lin 建林宏 Accounting Supervisor: Jen-Chung Wang

Independent Auditors' Report

(2023) Tsai-Shen-Bao-Tzi No. 22003217

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, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31,2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the audit of the separate financial statements section of our report. We are independent of AAEON in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 of top 10 sales customer with higher revenue growth rate

Description

Refer to Note 4(24) for the accounting policies on revenue recognition, and Note 6(15) 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. By comparing the top 10 sales customer lists between the years 2022 and 2021, it was found that the revenue growth of AAEON in 2022 significantly increased due to the rising demand for industrial computers and systems from European and American clients. Therefore, we have identified the existence of customers with higher revenue growth rates among the AAEON 's top 10 sales targets 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 top ten sales customers with higher revenue growth rates.
3. Obtain and select relevant vouchers for the transactions involving operating revenue of top ten sales customers with higher revenue growth rates.

Evaluation of inventories

Description

Refer to Note 4(10) 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 value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Other matters – reference to the audits of other independent auditors

We did not audit the financial statement of certain investments accounted for under equity method. These investments accounted for under equity method amounted to $4,143,549 thousand and $3,922,180 thousand, constituting 41.91% and 43.98% of total assets as of December 31, 2022 and 2021, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to $340,359 thousand and $76,303 thousand, respectively, constituting for 30.20% and 17.36% of total comprehensive income for the years ended December 31, 2022 and 2021, 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 24, 2023

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

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current asset					
1100	Cash and cash equivalents	6 (1)	$ 1,601,115	16	$ 1,362,293	15
1110	Financial asset at fair value through profit or loss - current	6 (2)	190,975	2	372,966	4
1150	Net notes receivable	6 (3)	186	-	2,793	-
1170	Net accounts receivable	6 (3)	218,252	2	477,969	5
1180	Accounts receivable - net amount of related party	7	649,338	7	543,690	6
1200	Other receivables	7	4,497	-	35,039	1
130X	Inventories	6 (4)	1,546,458	16	1,057,634	12
1410	Prepayments		41,955	-	45,299	1
11XX	**Total current assets**		4,252,776	43	3,897,683	44
	Non-current assets					
1510	Financial asset at fair value through profit or loss - non-current	6 (2)	28,547	-	28,811	-
1550	Investments accounted for under equity method	6 (5) and 7	4,974,623	50	4,526,137	51
1600	Property, plant and equipment	6 (6)	325,782	3	325,869	4
1755	Right-of-use assets	6 (7) and 7	57,027	1	48,419	1
1760	Investment property	6 (8) and 7	179,165	2	31,648	-
1780	Intangible assets		7,395	-	12,899	-
1840	Deferred tax assets	6 (22)	47,656	1	37,142	-
1900	Other non-current assets		13,249	-	8,505	-
15XX	**Total non-current assets**		5,633,444	57	5,019,430	56
1XXX	**Total assets**		$ 9,886,220	100	$ 8,917,113	100

(Continued)

AAEON Technology Inc.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liability					
2130	Contract liability - current	6 (15)	$ 111,357	1	$ 76,855	1
2150	Notes payables		19	-	-	-
2170	Accounts payables		237,164	3	348,184	4
2180	Accounts payables - related party	7	69,146	1	104,174	1
2200	Other payables	6 (9) and 7	444,329	5	318,158	4
2230	Current tax liabilities		190,318	2	54,678	1
2250	Provisions - current		27,056	-	21,138	-
2280	Lease liability - current		21,973	-	21,816	-
2399	Other current liabilities - other		33,070	-	26,501	-
21XX	**Total current liabilities**		1,134,432	12	971,504	11
	Non-current liabilities					
2527	Contract liability - non-current	6 (15)	5,565	-	5,203	-
2550	Provisions - non-current		8,989	-	6,014	-
2570	Deferred tax liabilities	6 (22)	57,856	1	38,161	1
2580	Lease liability - non-current		36,057	-	27,062	-
2600	Other non-current liabilities		898	-	411	-
25XX	**Total non-current liabilities**		109,365	1	76,851	1
2XXX	**Total liabilities**		1,243,797	13	1,048,355	12
	Equity					
	Share capital	6 (12)				
3110	Share capital-common stock		1,490,825	15	1,484,985	17
3140	Advance receipts for share capital		1,430	-	1,200	-
	Capital surplus	6 (13)				
3200	Capital surplus		5,461,370	54	5,433,926	60
	Retained earnings	6 (14)				
3310	Legal reserve		470,533	5	425,624	5
3320	Special reserve		64,805	1	53,278	1
3350	Undistributed retained earnings		1,165,819	12	534,550	6
	Other equity					
3400	Other equity		(12,359)	-	(64,805)	(1)
3XXX	**Total equity**		8,642,423	87	7,868,758	88
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,886,220	100	$ 8,917,113	100

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, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenue**	6 (15) and 7	$ 5,940,824	100	$ 4,430,500	100
5000	**Operating costs**	6 (4) (20) (21) and 7	(4,227,853)	(71)	(3,347,613)	(76)
5900	**Gross profit from operations**		1,712,971	29	1,082,887	24
5910	Unrealized profit from sales		(68,007)	(1)	(49,521)	(1)
5920	Realized profit from sales		49,521	1	31,744	1
5950	**Gross profit from operations, net**		1,694,485	29	1,065,110	24
	Operating expenses	6 (10) (20) (21) and 7				
6100	Selling expense		(103,727)	(2)	(153,632)	(3)
6200	General and administrative expenses		(144,209)	(3)	(116,303)	(3)
6300	Research and development expenses		(495,769)	(8)	(394,732)	(9)
6450	Expected credit impairment loss or (gain)	12 (2)	(40)	-	87	-
6000	**Total operating expense**		(743,745)	(13)	(664,580)	(15)
6900	**Operating income**		950,740	16	400,530	9
	Non-operating income and expenses					
7100	Interest income	6 (16)	5,567	-	3,926	-
7010	Other income	6 (17) and 7	21,015	1	18,022	1
7020	Other gains and losses	6 (18) and 7	(115,522)	(2)	(28,659)	(1)
7050	Financial costs	6 (19)	(1,807)	-	(1,170)	-
7070	Share of the profit of the subsidiaries, associates and joint ventures accounted for under equity method		435,164	7	147,828	3
7000	**Total non-operating income and expenses**		344,417	6	139,947	3
7900	**Profit before income tax**		1,295,157	22	540,477	12
7950	Income tax expense	6 (22)	(220,697)	(4)	(89,452)	(2)
8200	**Profit for the year**		$ 1,074,460	18	$ 451,025	10
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
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		$ 8,260	-	$ 6,603	-
8310	**Total other comprehensive income (loss) that will not be reclassified to profit or loss**		8,260	-	6,603	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		46,056	1	(17,138)	-
8380	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss		6,389	-	(3,968)	-
8399	Income tax relating to the components of other comprehensive income	6 (22)	(8,259)	-	2,976	-
8360	**Total amount to be reclassified to profit or loss in subsequent periods**		44,186	1	(18,130)	-
8300	**Net Other comprehensive income**		$ 52,446	1	($ 11,527)	-
8500	**Total comprehensive income**		$ 1,126,906	19	$ 439,498	10
	Basic earnings per share	6 (23)				
9750	**Basic earnings per share**		$ 10.03		$ 4.22	
	Diluted earnings per share	6 (23)				
9850	**Diluted earnings per share**		$ 9.86		$ 4.19	

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, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars, except as otherwise indicated)

		Share Capital			Retained Earnings			Other Equity			
	Notes	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) form financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
For the years ended December 31, 2021											
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 (14)										
Legal reserve		-	-	-	38,071	-	(38,071)	-	-	-	-
Reversal of special reserve		-	-	-	-	(10,037)	10,037	-	-	-	-
Cash dividends		-	-	-	-	-	(371,246)	-	-	-	(371,246)
Capital surplus-cash dividend	6 (13) (14)			(74,249)							(74,249)
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (13)	-	-	(1,535)	-	-	-	-	-	-	(1,535)
Change in associates and joint ventures accounted for under equity method	6 (13)	-	-	9,318	-	-	-	-	-	-	9,318
Share-based Payment	6 (11) (13)	-	-	19,906	-	-	(1,939)	-	-	-	17,967
Employee stock options exercised	6 (11) (12) (13)		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
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 1,484,985	$ 1,200	$ 5,433,926	$ 425,624	$ 53,278	$ 534,550	($ 65,407)	$ 2,733	($ 2,131)	$ 7,868,758
Profit of the period		-	-	-	-	-	1,074,460	-	-	-	1,074,460
Other comprehensive income		-	-	-	-	-	-	44,002	8,444	-	52,446
Total comprehensive income		-	-	-	-	-	1,074,460	44,002	8,444	-	1,126,906
Appropriations of 2021 earnings:	6 (14)										
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-
Special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	-	(386,408)
Capital surplus-cash dividend	6 (13) (14)	-	-	(74,309)	-	-	-	-	-	-	(74,309)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6 (13)	-	-	19,802	-	-	-	-	-	-	19,802
Recognition of changes in ownership interest in subsidiaries	6 (13)	-	-	1,630	-	-	-	-	-	-	1,630
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (13)	-	-	(443)	-	-	-	-	-	-	(443)
Change in associates and joint ventures accounted for under equity method	6 (13)	-	-	37,860	-	-	-	-	-	-	37,860
Share-based Payment	6 (11) (13)	-	-	10,363	-	-	(347)	-	-	-	10,016
Employee stock options exercised	6 (11) (12) (13)	5,840	230	32,541	-	-	-	-	-	-	38,611
Balance at December 31, 2022		$ 1,490,825	$ 1,430	$ 5,461,370	$ 470,533	$ 64,805	$ 1,165,819	($ 21,405)	$ 11,177	($ 2,131)	$ 8,642,423

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

	Notes	For the years ended December 31, 2022	2021
Cash flows from operating activities			
Profit before tax		$ 1,295,157	$ 540,477
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6. (6) (7) (20)	48,310	39,161
Amortization expenses	6. (20)	13,665	13,112
Expected credit impairment losses (gains)	12. (2)	40	(87)
Costs of share-based payment awards	6. (11)	4,647	10,367
Interest income	6. (16)	(5,567)	(3,926)
Dividend income	6. (17)	(14,547)	(13,312)
Interest expenses	6. (7) (19)	1,807	1,170
Net loss from financial assets and liabilities at fair value through profit or loss	6. (2) (18)	174,874	18,679
Gain on disposal of property, plant and equipment	6. (18)	-	(88)
Depreciation expense of investment property (other gains and losses)	6. (18)	1,264	942
Transferred to expenses and losses		1,868	1,800
Share of profit of associates accounted for under equity method		(435,164)	(147,828)
Realized (gain) loss on inter-affiliate accounts		18,486	17,777
Gain on lease modification	6. (7) (18)	(193)	(60)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		(813)	(5,381)
Notes and accounts receivable (including related parties)		156,636	(608,166)
Other receivables		28,182	(14,365)
Inventories		(488,824)	(503,695)
Prepayments		4,535	(16,966)
Net changes in operating liabilities			
Contract liability		34,864	(4,994)
Notes and accounts payable (including related parties)		(146,029)	218,072
Other payables		122,905	32,268
Other current liabilities		7,174	4,175
Provisions for liabilities		8,893	1,031
Other non-current liabilities		-	118
Net cash from operating activities		832,170	(419,719)
Interest received		5,567	3,926
Interest paid	6. (7)	(1,807)	(1,170)
Income taxes paid		(84,135)	(68,012)
Net cash flows from operating activities		751,795	(484,975)

(Continued)

AAEON Technology Inc.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed In Thousands of New Taiwan Dollars

	Notes	For the years ended December 31, 2022	2021
Cash flows from investing activities			
Acquired financial assets at fair value through profit or loss		($ 259)	($ 5,146)
Disposal of financial assets at fair value through profit or loss		8,453	10,910
Acquisition of investments accounted for under equity method		(99,009)	-
Acquisition of property, plant and equipment	6. (24)	(133,744)	(19,266)
Proceeds from disposal of property, plant and equipment		-	1,031
Increase in intangible assets		(6,913)	(5,871)
Increase in refundable deposits		(1,822)	(555)
Increase in other non-current assets		(38,359)	(1,075)
Dividends received		209,009	192,588
Net cash flows from investing activities		(62,644)	172,616
Cash flows from financing activities			
Repayment of lease principal	6. (7) (25)	(28,710)	(19,221)
Cash dividends paid	6. (14)	(460,717)	(445,495)
Increase in refundable deposits		487	-
Employee share options exercised	6. (11)	38,611	7,884
Net cash flows from financing activities		(450,329)	(456,832)
Increase (decrease) in cash and cash equivalents		238,822	(769,191)
Cash and cash equivalents at the beginning of periods		1,362,293	2,131,484
Cash and cash equivalents at the end of periods		$ 1,601,115	$ 1,362,293

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

Appendix 2

AAEON Technology Inc.

Procedures of Acquisition or Disposal of Assets

Revision Date: May 27, 2020

Article 1: Purpose

These Procedures are prescribed in order to protect the assets and implement information transparency.

Article 2: Legal Ground

These Procedures are prescribed pursuant to Article 36-1 of the Securities and Exchange Act, and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority.

Article 3: Scope of assets

1. Securities: include in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Intangible assets: include patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: The terms used in these Procedures should have the same meanings as prescribed in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority.

Article 5: If the company is required to obtain the appraisal (valuation) report or the opinion of a CPA, lawyer or security broker pursuant to these Procedures, the professional appraiser and its staff, CPA, lawyer or security broker issuing such appraisal (valuation) report or opinion should meet the criteria in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" prescribed by the competent authority.

Article 6: Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7: Procedure for acquisition or disposal of real estate, equipment, or the right-of-use assets thereof

1. Procedure of Evaluation and Operation
   The acquisition or disposal of real estate, equipment and the right-of-use asset by the company shall comply with the copmany's internal control system, Fixed Asset Cycle Process.
2. Procedure for the decision of the condition for trade and authorized limit
   (1) The transaction terms and prices for acquiring or disposing of real estate or the right-of-use asset shall be based on the published present value, appraised value, and actual selling price of any ancillary real estate, and processed by the

authorized manager according to the company's authority matrix. If the amount of one single transaction exceeds NT$ 30 million, the transaction should be subject to the resolution of the Board of Directors. However, the Board of Directors may authorize the Chairman to decide, and report to the Board of Directors afterwards.

(2) The acquisition or disposal of any equipment or the right-of-use asset should be processed through RFQ, price comparison, price negotiation, or tender by the authorized manager according to the company's authority matrix. If the amount of one single transaction exceeds NT$ 30 million, the transaction should be subject to the resolution of the Board of Directors. However, the Board of Directors may authorize the Chairman to decide, and report to the Board of Directors afterwards.

(3) The total value of the real estate and the right-of-use asset respectively obtained by the company or its subsidiaries for non-operating purpose should exceed 10% of the paid-in capital of each of such companies.

3. Executors

The acquisition or disposal of any real estate, equipment or the right-of-use asset by the company should be executed by the user-department or the administration department upon the approval under the company's authority matrix.

4. Appraisal Report of Real Estate, Equipment or Right-of-use asset

When acquiring or disposing of any real estate, equipment or the right-of-use asset, unless it is a transaction with a domestic government agency, a contracted construction on a company-owned land, acquisition or disposal of machine and equipment for operating purpose, the company should retain a professional appraisal agency to issue the appraisal report before the transaction occurs if the transaction amount meets 20% of the paid-in capital, or exceeds NT$300 million, and subject to the following requirements:

(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

(2) If the transaction amount exceeds NT$100 million, the appraisal should be conducted by more than two professional appraisal agencies.

(3) In case of any of the following appraisal results, unless the appraised value of the acquired asset is higher than the transaction amount, or the appraised value of the disposed asset is lower than the transaction value, an accountant should be engaged to perform the auditing standards published by the Accounting Research and Development Foundation (hereinafter referred to as "ARDF"), and state the concrete opinion about such differences and the appropriateness of the transaction price.

1. The spread between the appraisal result and the transaction amount exceeds 20%.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, if it is applicable to the same present value announced and is not over six months, the original professional appraiser may have an opinion issued.

Article 8: Processes of Acquisition or Disposal of Securities

1. Procedure of Evaluation and Operation

Purchase and sale of securities by the company should comply with the internal control system of investment cycle.

2. Procedure for the decision of the condition for trade and authorized limit
   (1) Any purchase and sale of securities on the secondary market or at a brokerage firm should be determined by the responsible unit according to the market trend, and processed by the authorized manager according to the company's authority matrix.
   (2) For any purchase and sale of securities not on the secondary market or at a brokerage firm, unless there is a public quote of such securities on an active market or otherwise required by the Financial Supervisory Commission (hereinafter referred to as "FSC"), the company should evaluate the transaction price based on the latest financial statements of the target company certified or audited by a CPA, consider the net value per share, profitability, and future development potentiality, and have the authorized manager to processed according to the company's authority matrix.
   (3) The total value of the securities acquired by the company should not exceed 200% of the net worth (exclusive of the subsidiaries covered by the company's consolidated financial statements). The total value of the securities acquired by each subsidiary should not exceed 100% of the company's net worth.
   The value of one single security acquired by the company should not exceed 150% of the net worth (exclusive of the subsidiaries covered by the company's consolidated financial statements). The value of one single security acquired by each subsidiary should not exceed 100% of the company's net worth.
   The limitation does not apply to the shareholding of a holding company directly or indirectly in an operating subsidiary.
3. Executors
   The investment in or disposal of any securities by the company should be approved according to the company's authority matrix and executed by the finance, shareholder service, and investment departments.
4. Expert opinion
   When acquiring or disposing of any securities, the company should retain an accountant to issue the opinion about the reasonableness of the transaction price before the transaction date and any reference of an expert report, if necessary, should be in accordance with the auditing standards published by the Accounting Research and Development Foundation if the transaction amount meets 20% of the paid-in capital or exceeds NT$300 million. However, exceptions are made if the marketable securities are with a quote in an active market or it is otherwise regulated by the Financial Supervisory Commission.

Article 9: A related party transaction by the company should comply with these Procedures, and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" prescribed by the competent authority.

Article 10: Processes of Acquisition or Disposal of Intangible Assets, Right-of-Use Assets, or Membership

1. Procedure of Evaluation and Operation
   The acquisition or disposal of any intangible asset or the right-of-use asset, or a membership by the company should company with the internal control system of property management.
2. Procedure for the decision of the condition for trade and authorized limit
   (1) The transaction terms and prices for acquiring or disposing of intangible asset or the right-of-use asset should be based on the analysis report with reference to expert's evaluation or fair market value, and processed by the authorized manager according to the company's authority matrix. If the amount exceeds 2% of the company net worth, the transaction has to be approved by the Board

of Directors first.

(2) The transaction terms and prices for acquiring or disposing of membership should be based on the analysis report with reference to expert's evaluation or fair market value and processed by the authorized manager according to the company's authority matrix. If the amount exceeds NT$ 3 million, the transaction has to be approved by the Board of Directors first.

3. Executors

The acquisition or disposal of any intangible asset or the right-of-use asset, or membership by the company should be executed by the user-department or the administration department upon the approval under the company's authority matrix in the foregoing subparagraph.

4. Expert's Evaluation Report for Intangible Asset or the Right-of-Use Asset, or Membership

(1) If the transaction amount of the acquisition or disposal of intangible asset or the right-of-use asset exceeds 2% of the company's net worth, the company should obtain the appraisal report by an expert.

(2) If the transaction amount of the acquisition or disposal of membership exceeds NT$ 3 million, the company should obtain the appraisal report by an expert.

(3) When acquiring or disposing of any intangible asset or the right-of-use asset, or a membership, unless it is a transaction with a domestic government agency, the company should retain an accountant to issue the opinion about the reasonableness of the transaction price before the transaction date, and any reference of an expert report, if necessary, should be in accordance with the auditing standards published by the Accounting Research and Development Foundation if the transaction amount meets 20% of the paid-in capital, or exceeds NT$300 million.

Article 10-1: The calculation of transaction price used by the accountant to issue the opinion about the reasonableness of the transaction price, or by the professional appraiser to issue the appraisal (valuation) report as required under Articles 7, 8, and 10 before the transaction date should comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Only the amount that has been covered in any appraisal (valuation) report issued by a professional appraiser or the accountant's opinion only within one year immediately prior to the current transaction date can be excluded.

Article 11: Processes of Acquisition or Disposal of Financial Institution Claims

The company does not engage in any business of acquiring or disposing of financial institution claims. If the company wishes to engage in the acquisition or disposal of financial institution claims in the future, it must be approved by the Board of Director and specify the evaluation procedures and processes.

Article 12: Procedure for the Acquisition or Disposition of Derivatives

1. The principle and policy of trade

(1) Transacted instrument

The Company invests in derivatives including fixed interest rate, financial instrument prices, commodity prices, exchange rate, price or rate indices, credit ratings or credit indices, or other forward contracts derived from other variables, options, futures, <u>leverage margin contracts</u>, swaps, combinations of the above, or linked notes or structured products implemented with derivatives.

(2) Operation Hedge Strategy

The company conducts derivatives transactions for hedging purposes andd on the posisions exposed to the operating risks. Any transaction for other specific purposes should be subject to prior authorization granted by the Board of Directors to a responsible manager.

(3) Areas of responsibility

1. Traders: execute transactions based on the authority matrix. The traders should calculate the positions periodically every week, and conduct risk evaluation based on the positions variation and financial market information.
2. Confirmation personnel: confirm the transactions.
3. Settlement personnel: execute the settlements.
4. The foregoing traders, confirmation and settlement personnel should come from the finance unit, and should not work concurrently on each other's duty. A written notice of change of trader should be given to the transaction counterparty before the effective date.

(4) Authority Matrix

1. Single hedging transaction approval level by amount

Required approval by	Single transaction approval level by amount
Vice President and BU President	Not more than US$ 500 thousand (inclusive)
President	US$ 500 thousand to US$ 1 million (inclusive)
Chairman	More than US$ 1 million

2. Any transaction for other specific purposes should be subject to prior authorization granted by the Board of Directors to a responsible manager.

(5) Contract sum

1. The total amount of open contracts of hedging transactions should not exceed the positions exposed to the company's operating risks.
2. The total amount of open contracts for specific purposes should not exceed 10% of the company's operating income in the last quarter.

(6) Loss Limits

1. The loss of a single contract or all contracts of hedging transactions should not exceed 25% of the contract value.
2. The loss of a single contract or all contracts for specific purposes should not exceed 10% of the contract value.

(7) Performance Evaluation

1. Hedging Transaction
The evaluation basis is the overall gain/loss of the hedged items and hedging transactions.
2. Transaction for Specific Purposes
The evaluation basis is the overall gain/loss of the specific items and specific transactions.
3. The finance department shall provide periodic analysis of transaction position valuation, and market analysis to the highest financial officer for implementing management and making instructions.

(8) Regular assessment methods

All positions held for derivatives transactions should be evaluated at least once per week. However, any hedging transaction required for the business should be evaluated twice per month. The evaluation repots should be submitted to the senior officers authorized by the Board of Directors.

2. Risk management measures

(1) Credit risk

If the transaction is with a well-known domestic or foreign financial institution, the credit rating should be considered as well.

(2) Market risk

The market risk of derivatives products due to change of interest rate or exchange rate, or other factors should be controlled according to subparagraph 6 of the foregoing paragraph.

(3) Liquidity risk

The financial products shall have the generality and are available for offset on the market. The contracted financial institutions should have sufficient information and ability to transact on any markets.

(4) Cash flow risk

When conducting derivatives transactions, the company should consider the estimated cash flow during the transaction and make sure it has sufficient operating funds to support the settlement.

(5) Operation Risk

a. The individuals engaged in the derivatives transaction should be subject to the separation of duties according to sub-paragraph 3 of the foregoing paragraph to avoid operational risk.

b. The measurement, supervision and control of risks should be performed by difference departments according to sub-paragraph 3 of the foregoing paragraph, and should be reported to the Board of Directors, or a senior officer who is not responsible for the transaction or position strategy.

(6) Legal Risk

Any document signed with a financial institution should be reviewed by finance and legal offices or the legal counsel and other specialists to avoid legal risk.

3. Internal Audit

(1) A record book should be prepared for derivatives transactions, specifying all information as required by the laws.

(2) The audit department should periodically understand the appropriateness of the internal control of derivatives transactions, and prepare the audit report of the compliance with derivatives transactions processes by trading department, and report any material violation to the audit committee in writing.

4. Monitoring by Board of Directors

(1) The Board of Directors should periodically evaluate whether the performance derivatives transactions meet the specified operating strategy, and whether the risk exposure is within the company's tolerance.

(2) The Board of Directors should authorize senior offices to manage derivatives transactions according to the following guidelines:

a. Periodically evaluate the appropriateness of current risk management measures, and implement these Procedures.

b. Monitor the transactions and gain/loss status, take necessary actions in respond to any unusual event and immediately report to the Board of Directors. If the company has appointed any independent director, the independent director should attend the Board meeting and state his opinions.

(3) Any derivatives transactions processed by the authorized individual under these Procedures should be reported in the nearest Board meeting afterwards.

Article 13: The acquisition or disposal of assets by the company in case of merger, spin-off, acquisition, or transfer of shares should comply with these Procedures, Business Mergers and Acquisitions Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" prescribed by the competent authority.

Article 14: If the acquisition or disposal of assets by the company should be approved by the Board of Directors as required by these Procedures or other regulations, the opinions of each independent director during the discussion should be fully considered, and their objection or unqualified opinion should be documented in the meeting minutes. The company should submit the dissenting opinion of any director documented in the records or made in writing to the audit committee.

Any material asset or derivatives transactions by the company should be approved by the majority of the audit committee and resolved by the Board of Directors. If less than the majority of the audit committee gives the approval, the company may seek for the approval of more than two-third of the directors and document the resolution of the audit committee in the meeting minutes of the Board of Directors.

Article 15: The disclosure and filing of acquisition or disposal of assets by the company should be made in accordance with the items, criteria, deadlines and processes prescribed by the competent authority.

Article 16: The company's subsidiaries should comply with the following rules:

1. When acquiring or disposing of assets, the subsidiary should comply with the company's processes, or the procedures of acquisition or disposal of assets prescribed by itself.
2. The subsidiary should specify and amend its own procedures of acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" subject to the approval of its Board of Directors and the general meeting.

Article 17: Punishment

If any employee violates these Procedures when handling the acquisition and disposal of assets, the punishment should be determined according to the company's personnel regulations.

Article 18: Implementation and Amendment

The company's "Procedures of Acquisition or Disposal of Assets" and any amendment should be approved by the majority of the audit committee, and submitted to the general meeting for approval after resolved by the Board of Directors. When submitting the "Procedures of Acquisition or Disposal of Assets" to the Board of Directors for discussion under the foregoing paragraph, the company shall fully consider the opinion of each independent director. Any objection or unqualified opinion of the independent directors should be documented in the meeting minutes of the Board of Directors. If less than the majority of the audit committee gives the approval for the draft or amendment of the "Procedures of Acquisition or Disposal of Assets", the company may seek for the approval of more than two-third of the directors and document the resolution of the audit committee in the meeting minutes of the Board of Directors. The basis of members and directors should be those who are actually in the office.

Article 19: Miscellaneous

Any matter that is not mentioned in this procedure shall be conducted in accordance with the applicable laws and regulations.

Appendix 3

AAEON Technology Inc.

Articles of Incorporation

Revision Date: July 30, 2018

Chapter 1 General Principles

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

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

1. CC01070 Telecommunication Equipment and Apparatus Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CC01110 Computers and Computing Peripheral Equipments Manufacturing
4. CE01010 Precision Instruments Manufacturing
5. E603050 Cybernation Equipments Construction
6. E605010 Computing Equipments Installation Construction
7. F213030 Retail sale of Computing and Business Machinery Equipment
8. F213040 Retail Sale of Precision Instruments
9. F213060 Retail Sale of Telecom Instruments
10. F218010 Retail Sale of Computer Software
11. F219010 Retail Sale of Electronic Materials
12. F401010 International Trade
13. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
14. I501010 Product Designing
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may make guarantees for other industry peers as required for its business.

Article 4: The Company's reinvestment may exceed 40% of the Company's paid-in capital; the Board of Directors is authorized to execute the reinvestments. When the Company is a limited liability shareholder of another company, the total investment may exceed the limit of 40% of the Company's paid-in capital.

Article 5: The Company's headquarters is in New Taipei City. The Board of Directors may resolve to set up domestic and foreign branches as necessary.

Chapter 2 Share capital

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

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

Article 7: The Company issues registered shares. The certificate should be signed or stamped by more than three directors, and duly certified by the competent authority or an issuance and registration institution approved by the competent authority. The Company is not required to print physical shares but should register with a centralized securities depository enterprise after the initial public offering.

Article 8: The change of name and transfer of shares are suspended within 30 days before the general meeting, 15 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other benefits.

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

Chapter 3 Shareholders Meetings

Article 9: The shareholders meeting can be a general meeting or an extraordinary meeting. The general meeting should be held at least once within 6 months after the end of each fiscal year by the Board of Directors. The extraordinary meeting can be held as necessary.

Article 10: Any shareholder who is unable to attend the shareholders meeting may execute the form proxy prepared by the Company and specify the scope of authorization to appoint an agent.

Article 11: Except for the nonvoting shares under Article 179 of the Company Act, each shareholder of the Company shall have one vote per share.
When the Company holds any shareholders meeting after public offering (or trading in OTC market), it should permit electronic means as one of the voting methods and specify such voting process in the shareholders meeting notice.

Article 12: Unless otherwise provided in the Company Act and in these Articles, the resolution of the shareholders meeting should be made by the majority of the shareholders being present at the meeting and representing the majority of the outstanding shares.

Article 12-1: After the initial public offering, the Company may withdraw the public offering only pursuant o Article 156 of the Company Act by having the approval of the majority of the shareholders being present at the meeting and representing two-third of the outstanding shares.

Chapter 4 Directors and Audit Committee

Article 13: The Company should have seven to eleven directors. Each of them should have a three-year term of office, and will be elected from the candidates with legal capacity by the shareholders meeting and for consecutive terms. There should be at least three independent directors on the Board of Directors in the foregoing paragraph. The directors (including independent directors) of the Company should be elected through the nomination system, and from the candidate list by the shareholders meeting.

Article 13-1: The Company sets up the “audit committee” pursuant to Article 14-4 of the Securities and Exchange Act. The members of the audit committee should be all independent directors. The audit committee or the audit commissioners are entrusted with the powers of supervisors under the Company Act, Securities and Exchange Act and other laws.
Pursuant to Articles 14-4 and Article 181-2 of the Securities and Exchange Act, the Company will not appoint any supervisor after the audit committee has been set up. The powers of supervisor specified in the Company’s internal policies will be exercised by the audit committee.

Article 14: The powers of the Board of Directors are as follows:
1. Specify the Company’s organizational policies.
2. Develop and monitor the execution of the Company’s business plans.
3. Specify the Company’s surplus distribution.
4. Specify the Company’s capital increase and reduction.
5. Review the Company’s budgets, and approve the final settlement.
6. Approve the Company’s acquisition or disposal of fixed assets.
7. Other powers entrusted by the laws and policies and the shareholders meeting.

Article 15: (Deleted)

Article 16: The Board of Directors should be formed by the directors. The directors should elect from among themselves the Chairman by a majority vote with two-third of the directors being present. The Chairman represents the Company. The Company may have one vice Chairman elected by the same method.

Article 16-1: When one-third of the seats on Board become vacant or all independent directors are removed, the Board of Directors should call an extraordinary shareholders meeting within 60 days. The elected directors should serve the office only for the remaining term.

Article 17: The Board meeting notice may be given by e-mail and facsimile. Unless otherwise provided in the Company Act or in these Articles, the resolution should be made by the majority of the directors being present at the meeting and representing the majority of the seats. A director may authorize another director to attend the Board meeting on his behalf in writing. The power of attorney should be given for each meeting and specify the scope of authorization.

Article 18: If the Chairman is on leave or unable to exercise his power, the acting person should be subject to Article 208 of the Company Act.

Article 19: The Board of Directors is authorized to determine the remunerations of the Chairman and the directors based on their participation and contribution in the Company's operation and the domestic industrial standards.

Article 19-1: The Company may purchase insurance for the directors to cover their statutory liabilities in connection with their performance of duties.

Article 19-2: The Company may set up functional committees under the Board of Directors. The organization and power of such committees should be subject to the regulations prescribed by the competent authority.

Chapter 5 Manager

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

Chapter 6 Accounting

Article 21: The Company should conduct final settlement for each fiscal year from January 1 to December 31.

Article 22: At the end of each fiscal year, the Company should cause the Board of Directors to prepare

1. Business Report
2. Financial statements
3. Proposal for earnings distribution or loss offset

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

Article 23: If there is any remaining earnings after offsetting the accumulated loss against the annual profit (profits before tax and expenses for distributing employee compensation and director compensation), the company shall appropriate no less than 5% as employee compensation and no more than 1% as director remuneration.

Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors.

Article 23-1: If there is any surplus after the annual settlement, the Company should pay the tax, compensate the accumulated loss, then appropriate 10% as legal reserve unless the legal reserve has equaled the Company's paid-in capital. In addition, the Company may appropriate or reverse the special reserve as required for the operation and subject to the laws. The remaining amount plus the retained earnings at the beginning of the period may be distributed provided that the shareholders meeting approves the distribution plan prepared by the Board of Directors.

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

Chapter 7 Appendix

Article 24: Any matter not specified in these Articles should be handled in accordance with the Company Act and applicable laws.

Article 25: These Articles were made on November 22, 2010. The first amendment and reinstatement are made on December 24, 2010. The second amendment and reinstatement are made on June 2, 2011. The third amendment and reinstatement are made on 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.

Appendix 4

AAEON Technology Inc.
Rules of Procedure for Shareholders Meetings

Revision Date: May 27, 2022

Article 1 The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.

Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 The Company's shareholders' meetings, unless otherwise provided by the law and regulations, should be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.

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

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.

When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, while announcing the number of non-voting rights and the number of shares represented by attending shareholders. 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 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.

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 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, as well as a list of director and supervisor candidates who failed to be elected and the number of votes they obtained.

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.

Appendix 5

AAEON TECHNOLOGY INC. Director Shareholding

1. The Company's paid-in capital is NT$ 1,495,664,680 Total number of issued shares is 149,566,468.
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 8,973,988 shares.
3. As of the halt date for this shareholders' meeting, the shareholding of each director recorded in the shareholders' register is as below:

April 2, 2023

Title	Name	Date elected	Shares Owned (share)	Shareholding percentage (%)	Representative
Chairman	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	3.02%	Yung-Shun Chuang
Director	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	3.02%	Ying-Chen Li
Director	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	3.02%	Fu-Chun, Chuang
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	29.26%	Jonny Shih
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	29.26%	Jonathan Tsang
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	29.26%	S.Y. Hsu
Director	iBase Technology Inc.	2023/5/27	41,698,468	27.88%	Chiu-Hsu, Lin
Director	iBase Technology Inc.	2023/5/27	41,698,468	27.88%	Yu-Nan, Chen
Independent Director	Ta-Ho, Yen	2023/5/27	0	0	
Independent Director	Kun-Chih, Chen	2023/5/27	0	0	
Independent Director	Xiulian Lin	2023/5/27	0	0	
Total			89,969,468	60.16%	

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 2022 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 28, 2023 and April 6, 2023, 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.