

研揚科技股份有限公司
AAEON Technology Inc.

STOCK CODE: 6579

2024 ANNUAL GENERAL SHAREHOLDERS' MEETING



Meeting Agenda

Date: May 29, 2024

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

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

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AAEON Technology Inc.
2024 Annual General Meeting Procedures

- I. Commence Meeting
- II. Chairman's Speech
- III. Reporting Items
- IV. Adoption Items
- V. Discussions Items
- VI. Extemporal Motions
- VII. Adjournment

AAEON Technology Inc.

2024 Annual General Meeting Agendas

Time: 9:00 am on May 29 (Wednesday), 2024.

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. Report Items:
 - (1) Business report of 2023.
 - (2) Audit Committee's review report of 2023.
 - (3) Report of Directors' Compensation and Employees' Compensation for 2023.
 - (4) Amendment to the "Ethical Corporate Management Best Practice Principles"
 - (5) Amendment to the "Ethical Behavior Guideline and English Version".
4. Adoption Items:
 - (1) To adopt 2023 Business Report and Financial Statements.
 - (2) To adopt the proposal for distribution of 2023 profits.
5. Discussion Items:
 - (1) Issuance of new shares from capitalization of the company's capital reserve.
 - (2) Discussion of amendments to the Company's" Articles of Incorporation"
 - (3) The company plans to issue the first employee stock option plan for 2024 at below market price.
6. Extemporal motions
7. Adjournment

Reporting Items

No. 1: Proposed by the Board

Case Summary: Please review the business report of 2023.

Description: the business report of 2023. is as follows:

Hello Ladies and Gentlemen,

Thank you for attending our 2024 annual general meeting despite your busy schedule.

The overall business performance of AAEON in 2023 was not satisfactory. Due to the impact of inflation in the macro environment, the terminal demand decreased. In addition, the shortage of materials in 2022 led to serious over-booking by customers; as the problem of excessive inventory had to be handled first, many requested to postpone shipment. At the same time, no new orders would be placed until the inventory level was back to normal. Therefore, consolidated revenue declined by 3%. Fortunately, as the material conditions were back to normal and prices decreased, the gross profit margin increased to 35%, and the overall operation was stable and developing.

Moreover, we acquired Jetway Information in April 2023 with a 35% equity, officially merging Jetway into AAEON. The synergies generated by the complementarity of products, production bases and markets of both parties are expected to bring another growth opportunity for both sides.

The detailed explanations are as below:

1. The 2023 Business result:

(1) Operating performance

1. Revenues and profits: AAEON's consolidated operating income in 2023 was NT\$8,073,203 thousand, gross profit was NT\$2,834,374 thousand, operating revenue was NT\$1,006,423 thousand, net income after tax was NT\$1,167,250 thousand, net profit attributable to the parent company was NT\$969,345 thousand, while earnings per share (EPS) was NT\$8.42.
2. Revenue analysis: In terms of regions, except for emerging markets that maintained a positive growth of 10%, we witnessed negative growth in all other regions, particularly China and the U.S., with a negative growth of 29% and 31%, respectively. As for product lines, except for rugged tablets which still maintained a positive growth of 5%, almost all the other product lines had negative growth. The industrial mainboards (-48%) and the UP products (-45%) had the worst performance, but the other product lines also showed negative growth of -5% to -15%.
3. Budget implementation: The Company did not publish our financial forecast in 2023.
4. Client management: Although the existing clients adjusted their inventory in 2023 and the orders decreased accordingly, we still maintained good relationships with the clients, and the existing projects were continued. Meanwhile, we did not stop the development of new customers and new projects for even once. In 2023, we obtained new projects with a total value of about US\$40 million; the number of AI-related new projects especially increased in a continuous manner.
5. Other operational results:
 - Won the 3rd place in the Middle-Standing Enterprises Group of the CSR Awards of the CommonWealth magazine
 - Received ESG Corporate Sustainability Award from the Global Views Monthly magazine

- Earned the Interbrand Emerging Brand Award

(2) Research and development and innovations

1. We launched a number of products related to the AI edge computing platform, with the computing power ranging from 5 TOPS to 2000 TOPS.
2. We became the first company in the industry to introduce Intel Alder Lake N products.

(3) Marketing and promotion

1. The Company's official website traffic continued to hit new heights, with the annual traffic exceeding 1.8 million visits.
2. We participated in the brand ranking and selection of InterBrand for the first time, and were selected as one of the emerging brands ranked 21 to 40.
3. Focusing on the market of AI edge computing platforms, the Company won the recognition of the major chip manufacturers Nvidia and Intel for joint promotion of edge AI solutions.

2. 2024 business plan:

AAEON has been focusing on the AI market for years, and now our efforts have gradually come to fruition. This is especially true in 2023, where the entire AI market changed from discriminative AI to generative AI—ChatGPT became an instant hit, the application of AI began to expand in all walks of life, and the originally POC-based projects have started to be launched. The business opportunities of the whole AI market have gradually transferred from the cloud to the edge. AAEON has always been in a good position in the AI market; hence, the revenue share of our AI business is expected to increase rapidly.

(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 on 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. Provide a complete portfolio of AI hardware products to meet different needs, and integrate value-added software to boost product differentiation at the same time.
2. Enhance business training and develop AI projects.
3. Increase brand promotion and hold seminars on AI.
4. Improve the relationship with business partners and jointly organize marketing activities.

3. Long-term development strategies

The evolution of AI technology is getting faster. With AI application becoming more accepted in different markets and diverse, the overall direction of growth is slowly moving from the cloud to the edge. AAEON has excellent embedded design capabilities, adopts

constant innovation as the main strategy for product development, and takes customized services as our core competitive advantage, while our superior quality is our commitment to our clients. AAEON is not only a hardware manufacturer, but also a technological service provider, providing hardware design, software development, production and manufacturing, logistics management, and after-sales services. We provide customers with industrial computing platforms of high quality, and become their trustworthy partner.

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

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

AAEON Technology Inc.



Chairman: Yung-Shun Chuang



President: Chien-Hung, Lin



Chief of Accounting Officer: Jen-Chun, Wang



No. 2: Proposed by the Board

Case Summary: audit Committee's review report of 2023. Please review.

Description: the company's "Audit Committee's review report of 2023." is as follows:

Audit Committee's Review Report of AAEON Technology Inc.

The Board of Directors has prepared the AAEON Technology Inc. ("the Company") 2023 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. Shioulia Lin



February 29, 2024

No. 3: Proposed by the Board

Case Summary: report of Directors' Compensation and Employees' Compensation for 2023. 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 2023 profit is NT\$1,243,042,395. It is proposed to appropriate 7.85% as the employee's compensation, NT\$97,518,000 in total and 0.58% as the director's remuneration, NT\$7,200,000 in total. The payment will be made in cash. The appropriated amount is consistent with the budgeted expenditure of 2023.
 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.

No. 4: Proposed by the Board

Case Summary: The amendments to the Company's Ethical Corporate Management Best Practice Principles. Please review.

Description: The competent authorities actively promote the core values of corporate integrity and honesty in the private sector with reference to domestic practices and international regulations, and implement corporate internal audit and internal control mechanisms. Thus, we made amendments to keep in line with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." Please refer to Appendix 1 of this handbook for the comparison table of amendments.

No. 5: Proposed by the Board

Case Summary: The amendments to the Company's Ethical Behavior Guideline and the English version thereof. Please review.

Description: We made amendments to the reference example of the "Ethical Behavior Guideline for TWSE/GTSM Listed Companies" to keep in line with the provisions under the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Please refer to Appendix 2 of this handbook for the comparison table of the Mandarin and English versions of the amended articles.

Adoption Items

No. 1: Proposed by the Board

Case Summary: To adopt 2023 Business Report and Financial Statements.

Description:

1. The Board of Director has resolved on the company's 2023 operating report and financial statements on February 29, 2024. Among the others, the financial statements are audited by PwC CPAs, Shu-ching, Chang 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 3.

Resolution:

No. 2: Proposed by the Board

Case Summary: To adopt the proposal for distribution of 2023 profits.

Description: pursuant to Article 23-1 of the company's bylaws, the proposal of 2023 surplus distribution is as attached schedule and explained as follows:

1. By adding the retained earnings from the previous year, NT\$969,345,442, to the company's net profit after tax of 2023, NT\$364,725,892, and after recording a non-controlling interest adjustment of NT\$2,368,098 for long-term investments not recognized based on ownership percentage, and share-based payment, NT\$139,311, the total distributable surplus of the current period is NT\$1,331,563,925. After appropriating the legal reserve NT\$96,683,803, it is proposed to distribute NT\$1,042,650,895 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
2023



Item	Amount (in NT\$)
Opening undistributed earnings	364,725,892
Current year net income after tax	969,345,442
The effects of long-term investments not recognized by shareholding percentage	(2,368,098)
Changes of the associates and joint ventures recognized under the Equity Method	0
Share-based payment	(139,311)
Profit after tax of current year and undistributed earnings other than profit after tax	966,838,033
Legal reserve appropriated	(96,683,803)
Special reserve reversed (appropriated)	0

Earnings to be allocated	1,234,880,122
Earnings distribution:	
Shareholder Bonus (NT\$6.5 per share in cash) (Note 1)	(1,042,650,895)
Closing undistributed earnings	192,229,227

Note 1: Calculated based on 160,407,830 outstanding shares on December 31, 2023.

Chairman:



Manager:



Accounting Supervisor:



Resolution:

Discussion Items

No. 1: Proposed by the Board

Proposal: Issuance of new shares from capitalization of the company's capital reserve.

Details:

1. We propose to withdraw NT\$80,203,910 from the capital reserve in excess of par value to increase the capital for issuing 8,020,391 new shares, with a par value of NT\$10 per share.
2. According to the number of shares held by shareholders recorded in the shareholder list on the base date of the capital increase and allotment, 50 shares will be allotted free of charge for every 1,000 shares issued in this capital increase. For allotment of odd shares that are less than one share, the shareholder may register with the company's stock agency within five days from the date of suspension to complete the registration of whole shares (round up to the dollar amount). The remaining stock dividends will be allotted with odd bits of less than one share. The share capital will be used as an allotment fee for the shareholders' collective insurance accounts, and the chairman of the board of directors will be authorized to contact a specific person to subscribe for the shares at par.
3. After this proposal is approved by the general meeting and further approved by the competent authorities, a board meeting will be convened to determine the ex-rights date.
4. For new shares issued through capitalization, the rights and obligations thereof are the same as those of the shares already issued, and they are issued in a dematerialized form.
5. Regarding this capitalization for issuing new shares, if adjustments are necessary in the case that the Company's share capital changes and affects the number of outstanding shares, while the total dividend distribution amount remains unchanged and causes changes to the dividend payout ratio for shareholders, a proposal will be made to the shareholders' meeting for authorizing the Chairman with full power to handle this matter.

Resolution:

No. 2: Proposed by the Board

Proposal: Discussion of amendments to the Company's" Articles of Incorporation"

Details: In accordance with actual business needs, revise the relevant clauses of the Company Articles as follows and provide a comparison table of the revised clauses before and after modification.

Clauses after the amendment	Clauses before the amendment	Notes
<p>Article 6-1</p> <p>The issuance of stock warrants to employees of this company at a subscription price lower than the closing price of the company's common stock on the issuance date requires a shareholder meeting with the attendance of more than half of the total shareholders representing issued shares. Approval from over two-thirds of the voting rights of attending shareholders is necessary before issuance can proceed. If this company enters into stock warrant contracts with employees in accordance with Article 167-2 of the Company Act, the recipients may include employees of controlling or subsidiary companies who meet certain conditions.</p>	<p>As per the new addition to this article.</p>	<p>To align with actual business requirements and in consideration of the Guidelines for the Handling of the Issuance and Offering of Securities by Issuers Articles 53 and 56-1, as well as the amendment to Article 167-2 of the Company Act, amend the company's articles of association.</p>
<p>Article 25</p> <p>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</p>	<p>Article 25</p> <p>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</p>	<p>Update instructions in conjunction with this modification.</p>

<p>27, 2017. The seventh amendment and reinstatement are made on July 30, 2018. The eighth amendment and reinstatement are made on May 31, 2023. <u>The ninth amendment and reinstatement are made on May 29, 2024.</u></p>	<p>27, 2017. The seventh amendment and reinstatement are made on July 30, 2018. The eighth amendment and reinstatement are made on May 31, 2023.</p>	
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Resolution:

No. 3: Proposed by the Board

Proposal: The company plans to issue the first employee stock option plan for 2024 at below market price.

Details:

1. In order to motivate employees and achieve retention objectives, and to create value for the company and shareholders, it is proposed to issue 3,000 units of employee stock warrants at a price below market value, in accordance with Article 28-3 of the Securities Exchange Act and relevant provisions of the 'Guidelines for the Handling of the Issuance and Offering of Securities by Issuers' issued by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan. Detailed procedures for the issuance and exercise of employee stock warrants are outlined in Appendix 4 of this document. The key points of the issuance are explained as follows:
 - I. The total issuance is 3,000 units, with each unit of stock warrant entitling the holder to subscribe to 1,000 shares. The total number of new ordinary shares to be issued due to the exercise of stock warrants is 3,000,000 shares.
 - II. Subscription Price: The subscription price is NT\$100 per share. In consideration of the effect of talent hiring, retention and motivation, shareholders' interest and the fact that the employee stock warrants are vested in stages based on the percentages stipulated under the exercise period 2 years after their issue date, it is reasonable to have a subscription price lower than the market price.
 - III. Subscribers' Qualifications: Full-time employees of the Company and its domestic and foreign controlled companies or subsidiaries with special contribution to the Company. "Domestic and foreign controlled companies or subsidiaries" must be consistent with the interpretation by the Financial Supervisory Commission in its letter Jin-Guan-Zheng-Fa-Zi No. 1070121068 dated December 27, 2018. "Employees" referred to in these Rules include officers, provided that employees who are officers shall first be submitted to the remuneration committee for approval; employees who are not officers shall first be reported to the audit committee for discussion and then submitted to the board of directors for approval.
 - IV. The number of shares subscribable through employee stock warrants issued to any single subscriber by the Company under Article 56-1, paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, in combination with the total of the new restricted employee shares acquired by the subscriber, shall not exceed 0.3% of the total number of issued shares, and the above in combination with the number of shares subscribable through employee stock warrants issued to the single subscriber by the issuer under Article 56, paragraph 1 shall not exceed 1% of the total number of the issued shares.
 - V. The rationale for issuing employee stock warrants in this instance: The company aims to attract and retain talented individuals necessary for its operations, while also motivating and enhancing employee morale, with the ultimate goal of creating value for both the company and its shareholders.
 - VI. Impact on Shareholder Equity:
 - i. Potential expensing amounts and their dilutive impact on earnings per share:

As of March 12, 2024, using the closing stock price of NT\$155 per share and considering factors such as actuarial assumptions, costs were estimated using an options valuation model. For the period from the second half of 2024 to the first half of 2029, the annual expensed amounts are approximately NT\$38,385 thousand, NT\$76,145 thousand, NT\$54,789 thousand, NT\$26,595 thousand, NT\$14,145 thousand, and NT\$4,336 thousand, totaling NT\$214,395 thousand.

Based on the outstanding shares as of March 31, 2024, totaling 160,891 thousand shares, the estimated dilution per share for each year from the second

half of 2024 to the first half of 2029 is NT\$0.24, NT\$0.47, NT\$0.34, NT\$0.17, NT\$0.09, and NT\$0.03.

ii. Financial burden caused by issuing shares as a method of performance: NA

2. If it becomes necessary to implement this case in stages, it is proposed to authorize the board of directors to carry out the implementation in stages within one year from the date of the shareholder meeting resolution.
3. If there are any other matters not covered in this case, or in the event of future changes to regulations by the competent authority or modifications necessitated by other objective environmental factors, it is proposed to authorize the board of directors to handle such matters in accordance with relevant regulations.

Resolution:

Extemporal motions.

Adjournment

Appendix

AAEON Technology Inc.
Comparison Table of Ethical Corporate Management Best Practice Principles

Clauses after the amendment	Clauses before the amendment	Notes
<p>Article 5 Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval <u>from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5 Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>The adjustment is made in line with government laws and regulations.</p>
<p>Article 7 Company shall establish a risk assessment mechanism against unethical conduct, <u>analyze and assess</u> on a regular basis business activity within their business scope which are at a higher risk of being involved in unethical conduct, and <u>establish prevention programs accordingly</u> and review their adequacy and effectiveness on a regular basis. <u>It is advisable for the company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs</u>, which shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade 	<p>Article 7 When establishing the prevention programs, company shall <u>analyze</u> which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</p> <p>The prevention programs adopted by Company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other 	<p>The adjustment is made in line with government laws and regulations.</p>

<p>secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
<p>Article 8 <u>Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> <u>Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</u> <u>Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>Article 8 Company and their respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>The adjustment is made in line with government laws and regulations.</p>

<p>Article 17 The directors, supervisors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, company shall establish a dedicated unit that is under the board of directors <u>and avail itself of adequate resources and staff itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (<u>at least once a year</u>):</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent</u> 	<p>Article 17 The directors, supervisors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities 	<p>The adjustment is made in line with government laws and regulations.</p>
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<p><u>unethical conduct, and setting out</u> in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 20 Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, <u>not have under-the-table accounts or keep secret accounts,</u> and</p>	<p>Article 20 Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so</p>	<p>The adjustment is made in line with government laws and regulations.</p>

<p>conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of a company listed company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u></p> <p>The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	
<p>Article 23</p> <p>Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established <u>and publicly announced</u> or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving 	<p>Article 23</p> <p>Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent 	<p>The adjustment is made in line with government laws and regulations.</p>

<p>a director or senior management shall be reported <u>to the independent directors or supervisors</u>. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>7. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and <u>notify the independent directors or supervisors</u> in</p>	<p>directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</p>	
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written form.		
<p>Article 27 The ethical corporate management best practice principles of company shall be implemented after the board of directors grants the approval, and <u>shall be sent to the supervisors</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When a <u>company</u> submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p><u>For a company that has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</u></p>	<p>Article 27 The ethical corporate management best practice principles of company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>For company that has appointed any independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	<p>The adjustment is made in line with government laws and regulations.</p>

AAEON Technology Inc.
Comparison Table of Ethical Behavior Guideline

Clauses after the amendment	Clauses before the amendment	Notes
<p>Article 8 Conflict of interest is defined as effects on personal and/or company interests. Personal interests include, but do not limit to, gifts of any forms, cash reward out of gratitude, special treatment of any sort or benefits, little to no interest rate on mortgages, or priced objects such as bonds, credit cards, stocks, coupons, etc. Range of personal interest include <u>spouses or relatives within the second degree of kinship</u>. The company should pay special attention to the subjects described above in providing.</p>	<p>Article 8 Conflict of interest is defined as effects on personal and/or company interests. Personal interests include, but do not limit to, gifts of any forms, cash reward out of gratitude, special treatment of any sort or benefits, little to no interest rate on mortgages, or priced objects such as bonds, credit cards, stocks, coupons, etc. Range of personal interest include spouses, parents, sons and daughters, and any subjects within third degree of relativity. The company should pay special attention to the subjects described above in providing.</p>	<p>The adjustment is made in line with government laws and regulations. The text in 2(1) is simplified in consideration that parents and children are all relatives within second degree of kinship.</p>
<p>Article 40 It is the company's responsibility to protect informants of Guideline violators or any related personnel in between the reporting process. Keeping informants anonymous serves to prevent unequal and inappropriate treatments.</p>	<p>Article 40 It is the company's responsibility to protect informants of Guideline violators or any related personnel in between the reporting process. Keeping informants anonymous serves to prevent unequal and inappropriate treatments.</p>	<p>The adjustment is made in line with government laws and regulations. The text is amended with reference to Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, which allows anonymous reporting.</p>
<p>Article 43 The Ethical Behavior Guideline will be effective after review and approval from the Board of Directors and after submission to the Board of Shareholders; the process is the same when the Guideline is being modified. The Guideline was created on April 29,2016 and <u>revised</u> on August 8,2016 <u>and February 29,2024</u>.</p>	<p>Article 43 The Ethical Behavior Guideline will be effective after review and approval from the Board of Directors and after submission to the Board of Shareholders; the process is the same when the Guideline is being modified. The Guideline was created on April 29,2016 and first revision on August 8,2016.</p>	<p>Add the date of this revision.</p>

INDEPENDENT AUDITORS' REPORT

(2024) Tsai-Shen-Bao-Tzi No.23003350

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, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, 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, 2023, and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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 2023 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:

Assessment of the Reasonableness of the Acquired Price Allocation in Significant Mergers Transactions

Description

The Group acquired Jetway Information Co., Ltd. in April 2023. The acquisition transaction was treated as an acquisition method, and explanations can be found in Note 4 (33) of the consolidated financial statements. The accounting items related to this acquisition are explained in Note 6 (27) of the consolidated financial statements. The allocation of the purchase price is based on an external expert report commissioned by the management. Since the allocation of the purchase price involves management judgment and has a significant impact on the financial statements due to the assets (including goodwill and intangible assets) and liabilities arising from the acquisition transaction,

this acquisition is considered one of the key audit matters for the current year.

How our audit addressed the matter

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

1. Evaluating the competence and objectivity of external valuation experts appointed by management.
2. To review the reasonableness of the measurement of identifiable assets and liabilities in the acquisition price allocation report prepared by external experts, including the reasonableness of the original data and key assumptions used. The procedures performed by the auditors and the internal valuation experts employed by the auditors are as follows:
 - (1) To review the valuation methods and calculation formulas employed by external valuation experts.
 - (2) To review the projected revenue growth rate and gross profit margin used, and compare them with historical results, economic forecasts, and industry literature.
 - (3) To review the discount rate used and compare it with the return rates of similar assets in the market.
3. To review the accounting treatment and financial statement presentation and disclosure of this transaction.

Existence of sales revenue

Description

Refer to Note 4(31) for the accounting policies on revenue recognition, and Note 6(19) for the details of operating revenue.

The Group is primarily engaged in the design, manufacturing, and sale of industrial computers and peripherals. As product project orders are susceptible to the product project cycles of customers, efforts are required to explore new markets and undertake new project orders. Therefore, the revenue from products may vary due to market trends in each period. Referring to industry reports and information from peers, the overall market trend has declined this period, while revenue from certain products has grown significantly. Consequently, we consider the existence of the aforementioned sales revenue as one of the most important audit matters for the current year

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, and confirm the accuracy of the classification of products by the group.
2. Acquire and sample-check relevant documents of the aforementioned sales revenue transactions to confirm that customers have obtained control of the goods and assumed the risks of the goods before recognizing revenue.

Evaluation of inventories

Description

Refer to Note 4(14) 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 \$4,104,236 thousand and \$4,143,549 thousand, constituting 28.55% and 36.34% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$261,687 thousand and \$340,359 thousand, respectively, constituting for 21.21% and 27.48% of total comprehensive income for the years ended December 31,2023 and 2022 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, 2023 and 2022.

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

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Financial Supervisory Commission, Executive Yuan
Approval reference: FSC No. 0990042602

(Formerly known as) Securities and Futures Commission, The Ministry of Finance
Approval reference: (85) Taiwan Finance Certificate (6) No. 68702

February 29, 2024

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 jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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



AAEON Technology Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6. (1)	\$ 4,347,976	30	\$ 2,234,203	20
1110	Financial asset at fair value through profit or loss - current	6. (2)	423,284	3	307,675	3
1136	Financial assets measured at amortized cost-current	8	62,331	1	-	-
1150	Net notes receivable	6. (4)	13,400	-	17,615	-
1170	Net accounts receivable	6. (4) and 7	919,566	6	1,135,029	10
1200	Other receivables	7	17,377	-	25,059	-
1220	Current tax assets		2,084	-	16,518	-
130X	Inventories	6. (5)	1,491,105	10	2,088,345	18
1410	Prepayments		105,134	1	92,483	1
1479	Other current liabilities - other	8	4,747	-	2,034	-
11XX	Total current assets		<u>7,387,004</u>	<u>51</u>	<u>5,918,961</u>	<u>52</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6. (2)	62,631	-	55,503	1
1517	Financial assets at fair value through other comprehensive income - non-current	6. (3)	68,756	1	27,536	-
1550	Investments accounted for under equity method	6. (6)	4,138,921	29	4,143,549	36
1600	Property, plant and equipment	6. (7), 7 and 8	1,519,684	11	805,741	7
1755	Right-of-use assets	6. (8)	186,616	1	121,490	1
1760	Investment property	6. (9)	191,792	1	222,929	2
1780	Intangible assets	6.(10) and 7	700,153	5	13,313	-
1840	Deferred tax assets	6. (25)	88,741	1	74,247	1
1900	Other non-current assets	8	33,360	-	19,717	-
15XX	Total non-current assets		<u>6,990,654</u>	<u>49</u>	<u>5,484,025</u>	<u>48</u>
1XXX	Total assets		<u>\$ 14,377,658</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>

(Continued)


 AAEON Technology Inc. and Subsidiaries
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liability					
2100	Short-term borrowings	6. (11) and 8	\$ 27,000	-	\$ -	-
2130	Contract liability - current	6. (19)	225,564	2	255,211	2
2150	Notes payables		2	-	19	-
2170	Accounts payables		452,725	3	365,065	3
2180	Accounts payables-related parties	7	69,941	1	70,908	1
2200	Other payables	6. (13), and 7	672,350	5	593,533	5
2230	Current tax liabilities		105,243	1	253,864	2
2250	Provisions - current		41,519	-	34,423	-
2280	Lease liability - current		44,717	-	38,406	1
2320	Long-term liabilities-current Portion	6. (12), 8	10,476	-	10,376	-
2399	Other current liabilities - other		47,941	-	37,940	1
21XX	Total current liabilities		<u>1,697,478</u>	<u>12</u>	<u>1,659,745</u>	<u>15</u>
	Non-current liabilities					
2527	Contract liability - non-current	6. (19)	58,686	-	73,425	1
2540	Long-term borrowings	6. (12), 8	134,499	1	144,910	1
2550	Provisions - non-current		14,507	-	11,317	-
2570	Deferred tax liabilities	6. (25)	230,873	2	57,861	-
2580	Lease liability - non-current		103,720	1	84,768	1
2670	Other non-current liabilities - other		16,500	-	8,062	-
25XX	Total non-current liabilities		<u>558,785</u>	<u>4</u>	<u>380,343</u>	<u>3</u>
2XXX	Total liabilities		<u>2,256,263</u>	<u>16</u>	<u>2,040,088</u>	<u>18</u>
	Equity					
	Equity attributable to owners of parent					
	Share capital	6. (16)				
3110	Share capital-common stock		1,602,418	11	1,490,825	13
3140	Advance receipts for share capital		1,660	-	1,430	-
	Capital surplus	6. (15) (17)				
3200	Capital surplus		6,421,702	45	5,461,370	48
	Retained earnings	6. (18)				
3310	Legal reserve		577,944	4	470,533	4
3320	Special reserve		12,359	-	64,805	1
3350	Undistributed retained earnings		1,331,564	9	1,165,819	10
	Other Equity					
3400	Other Equity		62,953	-	(12,359)	-
31XX	Total equity attributable to owners of parent		<u>10,010,600</u>	<u>69</u>	<u>8,642,423</u>	<u>76</u>
36XX	Non-controlling interests	4. (3)	<u>2,110,795</u>	<u>15</u>	<u>720,475</u>	<u>6</u>
3XXX	Total equity		<u>12,121,395</u>	<u>84</u>	<u>9,362,898</u>	<u>82</u>
	Significant contingent liabilities and 9 unrecognized contract commitments					
	Significant events after the balance 11 sheet date					
3X2X	Total liabilities and equity		<u>\$ 14,377,658</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6. (19), 7	\$ 8,073,203	100	\$ 8,352,076	100
5000 Operating cost	6. (5) (23) (24), and 7	(5,238,829)	(65)	(5,598,941)	(67)
5900 Operating profit		<u>2,834,374</u>	<u>35</u>	<u>2,753,135</u>	<u>33</u>
Operating expenses	6. (23)(24) and 7				
6100 Selling expense		(715,843)	(9)	(588,291)	(7)
6200 General and administrative expenses		(489,745)	(6)	(368,231)	(5)
6300 Research and development expenses		(624,360)	(8)	(599,554)	(7)
6450 Expected credit impairment loss or (gain)	12. (2)	<u>1,997</u>	<u>-</u>	(<u>2,969</u>)	<u>-</u>
6000 Total operating expense		(<u>1,827,951</u>)	(<u>23</u>)	(<u>1,559,045</u>)	(<u>19</u>)
6900 Operating income		<u>1,006,423</u>	<u>12</u>	<u>1,194,090</u>	<u>14</u>
Non-operating income and expenses					
7100 Interest income		75,796	1	7,242	-
7010 Other income	6. (20)	32,228	-	35,953	-
7020 Other gains and losses	6. (21)	156,362	2	(85,293)	(1)
7050 Financial costs	6. (22)	(6,462)	-	(5,989)	-
7060 Share of the profit of the associates and joint ventures accounted for under equity method	6. (6)	<u>176,426</u>	<u>3</u>	<u>317,029</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>434,350</u>	<u>6</u>	<u>268,942</u>	<u>3</u>
7900 Profit before income tax		1,440,773	18	1,463,032	17
7950 Income tax expense	6. (25)	(273,523)	(4)	(285,196)	(3)
8200 Profit for the year		<u>\$ 1,167,250</u>	<u>14</u>	<u>\$ 1,177,836</u>	<u>14</u>

(Continued)

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	\$ 422	-	\$ -	-
8316	Unrealized gains(losses) on financial assets at FVOCI	(5,394)	-	(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	76,426	1	16,347	-
8349	Income tax relating to items that will not be reclassified	(86)	-	-	-
8310	Total amount not to be reclassified to profit or loss in subsequent periods	<u>71,368</u>	<u>1</u>	<u>11,502</u>	<u>-</u>
To be reclassified to profit or loss in subsequent periods					
8361	Financial statements translation differences of foreign operations	(10,755)	-	52,621	1
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	3,985	-	6,983	-
8399	Income tax relating to the components of other comprehensive income	2,152	-	(10,523)	-
8360	Total amount to be reclassified to profit or loss in subsequent periods	<u>(4,618)</u>	<u>-</u>	<u>49,081</u>	<u>1</u>
8300	Net Other comprehensive income	<u>\$ 66,750</u>	<u>1</u>	<u>\$ 60,583</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 1,234,000</u>	<u>15</u>	<u>\$ 1,238,419</u>	<u>15</u>
Net income attributable to:					
8610	Shareholders of the parent	\$ 969,345	12	\$ 1,074,460	13
8620	Non-controlling interest	197,905	2	103,376	1
		<u>\$ 1,167,250</u>	<u>14</u>	<u>\$ 1,177,836</u>	<u>14</u>
Total comprehensive income attributable to:					
8710	Shareholders of the parent	\$ 1,042,289	13	\$ 1,126,906	14
8720	Non-controlling interest	191,711	2	111,513	1
		<u>\$ 1,234,000</u>	<u>15</u>	<u>\$ 1,238,419</u>	<u>15</u>
Basic earnings per share					
9750	Total basic earnings per share	<u>\$ 8.42</u>	<u>8.42</u>	<u>\$ 10.03</u>	<u>10.03</u>
Diluted earnings per share					
9850	Total diluted earnings per share	<u>\$ 8.32</u>	<u>8.32</u>	<u>\$ 9.86</u>	<u>9.86</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	Equity attributable to owners of the parent											Non-controlling interests	Total
		Share Capital		Retained Earnings					Other Equity					
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
For the 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 to 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-subsiary 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	



AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	Equity attributable to owners of the parent												
		Share Capital		Retained Earnings					Other Equity				Non-controlling interests	Total
		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) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
For the year ended December 31, 2023														
Balance at January 1, 2023		\$ 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	
Profit fo the period		-	-	-	-	-	969,345	-	-	-	969,345	197,905	1,167,250	
Other comprehensive income		-	-	-	-	-	-	742	72,083	119	72,944	(6,194)	66,750	
Total comprehensive income		-	-	-	-	-	969,345	742	72,083	119	1,042,289	191,711	1,234,000	
Appropriations of 2022 earnings:	6. (18)													
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-	-	-	
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)	-	(746,127)	
Issuance of new shares in exchange for other company's shares	6. (16) (17)	105,233	-	848,183	-	-	-	-	-	-	953,416	-	953,416	
Recognition of changes in ownership interest in subsidiaries	6. (17)	-	-	(3,935)	-	-	-	-	-	-	(3,935)	3,935	-	
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6)(17)	-	-	162	-	-	-	-	-	-	162	-	162	
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	64,235	-	-	-	-	-	-	64,235	-	64,235	
Share-based Payment	6. (15) (17)	-	-	4,728	-	-	(140)	-	-	-	4,588	1,842	6,430	
Employee stock options exercised	6. (15) (17)	6,360	230	46,959	-	-	-	-	-	-	53,549	15,776	69,325	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-	-	-	
Changes in non-controlling interests-subsiidiary acquisition	6 (27)	-	-	-	-	-	-	-	-	-	-	1,383,476	1,383,476	
Changes in non-controlling interests- cash dividends 4 (3)		-	-	-	-	-	-	-	-	-	-	(206,420)	(206,420)	
Balance at December 31, 2023		\$ 1,602,418	\$ 1,660	\$ 6,421,702	\$ 577,944	\$ 12,359	\$1,331,564	(\$ 20,663)	\$ 85,628	(\$ 2,131)	\$ 10,010,600	\$ 2,110,795	\$12,121,395	

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, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,440,773	\$ 1,463,032
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6 (7) (8) (23)	125,992	84,830
Amortization expenses	6 (10) (23)	63,422	16,175
Expected credit impairment losses (gains)	12 (2)	(1,997)	2,969
Costs of share-based payment awards	6 (15)	6,430	22,565
Interest income		(75,796)	(7,242)
Dividends income	6 (20)	(11,390)	(18,256)
Interest expenses	6 (22)	6,462	5,989
Net (gain) or loss from financial assets and liabilities at fair value through profit or loss	6 (2) (21)	(130,978)	177,760
Losses on disposal of property, plant and equipment	6 (7) (21)	2,631	2,190
Transferred to expenses and losses		2,639	2,443
Depreciation expense of investment property (other gains and losses)	6 (9) (21)	6,277	6,613
Share of profit of associates accounted for under equity method	6 (6)	(176,426)	(317,029)
Gain on lease modification	6. (8)(21)	(18)	(36)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		-	(104,919)
Notes and accounts receivable		298,714	41,585
Other receivables		9,171	31,821
Inventories		970,866	(570,310)
Prepayments		7,399	(3,068)
Net changes in operating liabilities			
Contract liability		(86,244)	55,064
Notes and accounts payable (including related-parties)		(30,661)	(144,919)
Other payables		(22,600)	158,877
Other current liabilities		8,086	4,428
Provisions for liabilities		(5,109)	10,315
Other non-current liabilities		(3,836)	5,906
Net cash from operating activities		2,403,807	926,783
Interest received		75,796	7,242
Interest paid		(6,457)	(6,012)
Income taxes paid		(406,319)	(121,811)
Net cash flows from operating activities		2,066,827	806,202

(Continued)

	Notes	For the years ended December 31,	
		2022	2022
<u>Cash flows from investing activities</u>			
Acquired financial assets at fair value through profit or loss		\$ -	(\$ 5,168)
Disposal of financial assets at fair value through profit or loss		8,241	59,672
Acquisition of intangible asset	6 (10)	(8,548)	(10,068)
Acquired financial asset measured at amortized cost-current		(31,626)	-
Disposal of financial asset measured at amortized cost-current		100,035	-
Acquired financial assets at fair value through other comprehensive income		(71,769)	-
Increase in other current assets		(258)	(403)
Acquisition of investments accounted for under equity method	6 (6)	(14,380)	(15,802)
Acquisition of property, plant and equipment	6 (28)	(117,977)	(150,453)
Increase in other non-current assets		(9,198)	(38,515)
Dividends received		376,787	190,465
Acquisition of subsidiary, net of cash received	6 (27)	754,136	-
Net cash flows from investing activities		<u>985,443</u>	<u>29,728</u>
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term borrowings	6 (29)	27,000	(105,000)
Reimbursement in long-term borrowings	6 (29)	(10,311)	(10,501)
Repayment of lease principal	6 (29)	(56,511)	(42,403)
Cash dividends paid	6 (18)	(746,127)	(460,717)
Changes in non-controlling interests - cash dividends for non-controlling interests	4 (3)	(206,420)	(68,017)
Changes in non-controlling interests-subsidiary increase cash capital		-	172,266
Employee share options exercised	6 (15)	69,325	38,611
Net cash flows from financing activities		<u>(923,044)</u>	<u>(475,761)</u>
Effects due to changes in exchange rate		<u>(15,453)</u>	<u>32,514</u>
Increase in cash and cash equivalents		2,113,773	392,683
Cash and cash equivalents at the beginning of periods		<u>2,234,203</u>	<u>1,841,520</u>
Cash and cash equivalents at the end of periods		<u>\$ 4,347,976</u>	<u>\$ 2,234,203</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



Independent Auditors' Report

(2024) Tsai-Shen-Bao-Tzi No. 23003398

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, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, 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:

Assessment of the Reasonableness of the Acquired Price Allocation in Significant Mergers Transactions

Description

AAEON acquired Jetway Information Co., Ltd. in April 2023. The acquisition transaction was treated as an acquisition method, and explanations can be found in Note 4 (33) of the consolidated financial statements. The accounting items related to this acquisition are explained in Note 6 (27) of the consolidated financial statements. The allocation of the purchase price is based on an external expert report commissioned by the management. Since the allocation of the purchase price involves management judgment and has a significant impact on the financial statements due to the assets (including goodwill and intangible assets) and liabilities arising from the acquisition transaction, this acquisition is considered one of the key audit matters for the current year.

How our audit addressed the matter

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

1. Evaluating the competence and objectivity of external valuation experts appointed by

management.

2. To review the reasonableness of the measurement of identifiable assets and liabilities in the acquisition price allocation report prepared by external experts, including the reasonableness of the original data and key assumptions used. The procedures performed by the auditors and the internal valuation experts employed by the auditors are as follows:
 - (1) To review the valuation methods and calculation formulas employed by external valuation experts.
 - (2) To review the projected revenue growth rate and gross profit margin used, and compare them with historical results, economic forecasts, and industry literature.
 - (3) To review the discount rate used and compare it with the return rates of similar assets in the market.
3. To review the accounting treatment and financial statement presentation and disclosure of this transaction.

Existence of sales revenue

Description

Refer to Note 4(25) 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 sale of industrial computers and peripherals. As product project orders are susceptible to the product project cycles of customers, efforts are required to explore new markets and undertake new project orders. Therefore, the revenue from products may vary due to market trends in each period. Referring to industry reports and information from peers, the overall market trend has declined this period, while revenue from certain products has grown significantly. Consequently, the auditor considers the existence of the aforementioned sales revenue as one of the most important audit matters for the current year.

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. Evaluate and test the internal control process of sales transactions during the financial reporting period to ensure that it operates in accordance with the company's established internal control system and to confirm the accuracy of product classification by the company.
2. Acquire and sample-check relevant documents of the aforementioned sales revenue transactions to confirm that customers have obtained control of the goods and assumed the risks of the goods before recognizing revenue.

Evaluation of inventories

Description

Refer to Note 4(11) 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. 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. These investments accounted for under equity method amounted to \$4,104,236 thousand and \$4,143,549 thousand, constituting 37.30% and 41.91% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$261,686 thousand and \$340,359 thousand, respectively, constituting for 25.11% and 30.20% of total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

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

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Financial Supervisory Commission,
Executive Yuan
Approval reference: FSC No. 0990042602

(Formerly known as) Securities and Futures Commission, The
Ministry of Finance
Approval reference: (1996) Tai-Tsai-Cheng (VI) No. 68702

February 29, 2024

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, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6 (1)	\$ 2,678,019	24	\$ 1,601,115	16
1110	Financial asset at fair value through profit or loss - current	6 (2)	289,806	3	190,975	2
1150	Net notes receivable	6 (3)	663	-	186	-
1170	Net accounts receivable	6 (3)	174,159	2	218,252	2
1180	Accounts receivable - net amount of related party		430,867	4	649,338	7
1200	Other receivables	7	1,457	-	4,497	-
130X	Inventories	6 (4)	803,914	7	1,546,458	16
1410	Prepayments		37,022	-	41,955	-
11XX	Total current assets		<u>4,415,907</u>	<u>40</u>	<u>4,252,776</u>	<u>43</u>
Non-current assets						
1510	Financial asset at fair value through profit or loss - non-current	6 (2)	27,994	-	28,547	-
1550	Investments accounted for under equity method	6 (5) and 7	5,941,152	54	4,974,623	50
1600	Property, plant and equipment	6 (6) and 7	358,604	3	325,782	3
1755	Right-of-use assets	6 (7)	40,370	-	57,027	1
1760	Investment property	6 (8) and 7	154,059	2	179,165	2
1780	Intangible assets	7	7,332	-	7,395	-
1840	Deferred tax assets	6 (22)	43,465	1	47,656	1
1900	Other non-current assets	7	13,163	-	13,249	-
15XX	Total non-current assets		<u>6,586,139</u>	<u>60</u>	<u>5,633,444</u>	<u>57</u>
1XXX	Total assets		<u>\$ 11,002,046</u>	<u>100</u>	<u>\$ 9,886,220</u>	<u>100</u>

(Continued)


 AAEON Technology Inc.
 SEPARATE BALANCE SHEETS
 DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars)

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liability						
2130	Contract liability - current	6 (15)	\$ 54,471	1	\$ 111,357	1
2150	Notes payables		2	-	19	-
2170	Accounts payables		188,304	2	237,164	3
2180	Accounts payables - related party	7	65,354	1	69,146	1
2200	Other payables	6 (9) and 7	443,210	4	444,329	5
2230	Current tax liabilities		46,060	-	190,318	2
2250	Provisions - current		26,152	-	27,056	-
2280	Lease liability - current		18,244	-	21,973	-
2399	Other current liabilities - other		41,450	-	33,070	-
21XX	Total current liabilities		<u>883,247</u>	<u>8</u>	<u>1,134,432</u>	<u>12</u>
Non-current liabilities						
2527	Contract liability - non-current	6 (15)	5,384	-	5,565	-
2550	Provisions - non-current		7,040	-	8,989	-
2570	Deferred tax liabilities	6 (22)	71,189	1	57,856	1
2580	Lease liability - non-current		23,376	-	36,057	-
2600	Other non-current liabilities		1,210	-	898	-
25XX	Total non-current liabilities		<u>108,199</u>	<u>1</u>	<u>109,365</u>	<u>1</u>
2XXX	Total liabilities		<u>991,446</u>	<u>9</u>	<u>1,243,797</u>	<u>13</u>
Equity						
Share capital						
		6 (12)				
3110	Share capital-common stock		1,602,418	15	1,490,825	15
3140	Advance receipts for share capital		1,660	-	1,430	-
Capital surplus						
		6 (13)				
3200	Capital surplus		6,421,702	58	5,461,370	54
Retained earnings						
		6 (14)				
3310	Legal reserve		577,944	5	470,533	5
3320	Special reserve		12,359	-	64,805	1
3350	Undistributed retained earnings		1,331,564	12	1,165,819	12
Other equity						
3400	Other equity		62,953	1	(12,359)	-
3XXX	Total equity		<u>10,010,600</u>	<u>91</u>	<u>8,642,423</u>	<u>87</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 11,002,046</u>	<u>100</u>	<u>\$ 9,886,220</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



AAEON Technology Inc.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (15) and 7	\$ 4,664,543	100	\$ 5,940,824	100
5000 Operating costs	6 (4) (20) (21) and 7	(3,290,274)	(70)	(4,227,853)	(71)
5900 Gross profit from operations		1,374,269	30	1,712,971	29
5910 Unrealized profit from sales		(53,930)	(1)	(68,007)	(1)
5920 Realized profit from sales		68,007	1	49,521	1
5950 Gross profit from operations, net		1,388,346	30	1,694,485	29
Operating expenses	6 (20) (21) and 7				
6100 Selling expense		(109,175)	(3)	(103,727)	(2)
6200 General and administrative expenses		(151,527)	(3)	(144,209)	(3)
6300 Research and development expenses		(480,047)	(10)	(495,769)	(8)
6450 Expected credit impairment loss or (gain)	12 (2)	(5)	-	(40)	-
6000 Total operating expense		(740,754)	(16)	(743,745)	(13)
6900 Operating income		647,592	14	950,740	16
Non-operating income and expenses					
7100 Interest income	6 (16)	57,225	1	5,567	-
7010 Other income	6 (17) and 7	19,781	1	21,015	1
7020 Other gains and losses	6 (18) and 7	105,301	2	(115,522)	(2)
7050 Financial costs	6 (19)	(1,283)	-	(1,807)	-
7070 Share of the profit of the subsidiaries, associates and joint ventures accounted for under equity method		309,708	7	435,164	7
7000 Total non-operating income and expenses		490,732	11	344,417	6
7900 Profit before income tax		1,138,324	25	1,295,157	22
7950 Income tax expense	6 (22)	(168,979)	(4)	(220,697)	(4)
8200 Profit for the year		\$ 969,345	21	\$ 1,074,460	18
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		\$ 71,962	1	\$ 8,260	-
8310 Total other comprehensive income (loss) that will not be reclassified to profit or loss		71,962	1	8,260	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(2,874)	-	46,056	1
8380 Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss		3,871	-	6,389	-
8399 Income tax relating to the components of other comprehensive income	6 (22)	(15)	-	(8,259)	-
8360 Total amount to be reclassified to profit or loss in subsequent periods		982	-	44,186	1
8300 Net Other comprehensive income		\$ 72,944	1	\$ 52,446	1
8500 Total comprehensive income		\$ 1,042,289	22	\$ 1,126,906	19
Basic earnings per share	6 (23)				
9750 Basic earnings per share		\$	8.42	\$	10.03
Diluted earnings per share	6 (23)				
9850 Diluted earnings per share		\$	8.32	\$	9.86

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





AAEPON Technology Inc.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars, except as otherwise indicated)

	Notes	Share Capital		Retained Earnings			Other Equity			Total	
		Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Remeasurements of defined benefit plans
For the years 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 for 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)	-	-	-	-
Reversal of 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
For the year ended December 31, 2023											
Balance at January 1, 2023		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$ 1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423
Profit for the period		-	-	-	-	-	969,345	-	-	-	969,345
Other comprehensive income		-	-	-	-	-	-	742	72,083	119	72,944
Total comprehensive income		-	-	-	-	-	969,345	742	72,083	119	1,042,289
Appropriations of 2022 earnings:	6 (14)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)
Issuance of new shares in exchange for other company's shares	6 (12) (13)	105,233	-	848,183	-	-	-	-	-	-	953,416
Recognition of changes in ownership interest in subsidiaries	6 (13)	-	-	(3,935)	-	-	-	-	-	-	(3,935)
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (13)	-	-	162	-	-	-	-	-	-	162
Change in associates and joint ventures accounted for under equity method	6 (13)	-	-	64,235	-	-	-	-	-	-	64,235
Share-based Payment	6 (11) (13)	-	-	4,728	-	-	(140)	-	-	-	4,588
Employee stock options exercised	6 (11) (13)	6,360	230	46,959	-	-	-	-	-	-	53,549
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-
Balance at December 31, 2023		\$ 1,602,418	\$ 1,660	\$ 6,421,702	\$ 577,944	\$ 12,359	\$ 1,331,564	(\$ 20,663)	\$ 85,628	(\$ 2,012)	\$ 10,010,600

The accompanying notes are an integral part of these separate financial statements.
Manager: Chien-Hung Lin

Chairman: Yung-Shun Chuang



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,138,324	\$ 1,295,157
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6. (6) (7) (20)	56,844	48,310
Amortization expenses	6. (20)	7,780	13,665
Expected credit impairment losses (gains)	12. (2)	5	40
Costs of share-based payment awards	6. (11)	2,246	4,647
Interest income	6. (16)	(57,225)	(5,567)
Dividend income	6. (17)	(10,982)	(14,547)
Interest expenses	6. (7) (19)	1,283	1,807
Net loss from financial assets and liabilities at fair value through profit or loss	6. (2) (18)	(106,519)	174,874
Gain on disposal of property, plant and equipment	6. (18)	(118)	-
Loss on disposals of investments	6. (18)	892	-
Depreciation expense of investment property (other gains and losses)		961	1,264
Transferred to expenses and losses		-	1,868
Share of profit of associates accounted for under equity method		(309,708)	(435,164)
Realized (gain) loss on inter-affiliate accounts		(14,077)	18,486
Gain on lease modification	6. (7) (18)	(25)	(193)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		-	(813)
Notes and accounts receivable (including related parties)		262,082	156,636
Other receivables		3,040	28,182
Inventories		742,544	(488,824)
Prepayments		4,933	4,535
Net changes in operating liabilities			
Contract liability		(57,067)	34,864
Notes and accounts payable (including related parties)		(52,669)	(146,029)
Other payables		1,313	122,905
Other current liabilities		8,380	7,174
Provisions for liabilities		(2,853)	8,893
Net cash from operating activities		1,619,384	832,170
Interest received		57,225	5,567
Interest paid		(1,283)	(1,807)
Income taxes paid		(295,728)	(84,135)
Net cash flows from operating activities		1,379,598	751,795

(Continued)



AAEON Technology Inc.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from investing activities</u>			
Acquired financial assets at fair value through profit or loss		\$ -	(\$ 259)
Disposal of financial assets at fair value through profit or loss		8,241	8,453
Acquisition of investments accounted for under equity method		(4,831)	(99,009)
Acquisition of property, plant and equipment	6. (24)	(38,052)	(133,744)
Increase in intangible assets		(7,717)	(6,913)
Increase in refundable deposits		451	(1,822)
Increase in other non-current assets		(1,617)	(38,359)
Dividends received		474,923	209,009
Net cash flows from investing activities		<u>431,398</u>	<u>(62,644)</u>
<u>Cash flows from financing activities</u>			
Repayment of lease principal	6. (25)	(29,310)	(28,710)
Cash dividends paid	6. (14)	(746,127)	(460,717)
Increase in refundable deposits		312	487
Employee share options exercised	6. (11)	41,033	38,611
Net cash flows from financing activities		<u>(734,092)</u>	<u>(450,329)</u>
Increase (decrease) in cash and cash equivalents		1,076,904	238,822
Cash and cash equivalents at the beginning of periods		<u>1,601,115</u>	<u>1,362,293</u>
Cash and cash equivalents at the end of periods		<u>\$ 2,678,019</u>	<u>\$ 1,601,115</u>

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



AAEON Technology Inc.
2024 Employee Stock Warrants Issuance and Subscription Rules

Established: April 19, 2024

I. Purpose of Issuance

To attract and retain professional talent required by the Company and to improve employee cohesion and sense of belonging to jointly create interest for the Company and shareholders, the Company has established this Employee Stock Warrants Issuance and Subscription Rules in accordance with applicable regulations such as Article 28-3 of the Securities and Exchange Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” published by the Securities and Futures Bureau, Financial Supervisory Commission, the Executive Yuan.

II. Issue Period

One or multiple issuances as required within 2 years from the date on which the filing with the competent authority takes effect or the date on which the approval notice is served. The chairman of the board of directors will determine the actual issue date(s).

III. Subscribers' Qualifications

(I) Full-time employees of the Company and its domestic and foreign controlled companies or subsidiaries with special contribution to the Company. “Domestic and foreign controlled companies or subsidiaries” must be consistent with the interpretation by the Financial Supervisory Commission in its letter Jin-Guan-Zheng-Fa-Zi No. 1070121068 dated December 27, 2018. “Employees” referred to in these Rules include officers, provided that employees who are officers shall first be submitted to the remuneration committee for approval; employees who are not officers shall first be reported to the audit committee for discussion and then submitted to the board of directors for approval.

(II) The chairman of the board of directors will determine the record date for subscribers' qualification.

(III) The employees who actually become subscribers and the number of shares to which they may subscribe shall be determined by the chairman of the board of directors based on the performance target achievement rate, overall contribution or special merit, etc. and approved by the board of directors.

The number of shares subscribable through employee stock warrants issued to any single subscriber by the Company under Article 56-1, paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, in combination with the total of the new restricted employee shares acquired by the subscriber, shall not exceed 0.3% of the total number of issued shares, and the above in combination with the number of shares subscribable through employee stock warrants issued to the single subscriber by the issuer under Article 56, paragraph 1 shall not exceed 1% of the total number of the issued shares.

IV. Total Issue Amount

The total issue amount is 3,000 units. Each unit of stock warrant may be used to subscribe to 1,000 shares. The total number of new ordinary shares that must be issued pursuant to exercise of the subscription is 3,000,000 shares.

V. Subscription Conditions

(I) Subscription Price: The subscription price is NT\$100 per share. In consideration of the effect of talent hiring, retention and motivation, shareholders' interest and the fact that the employee stock warrants are vested in stages based on the percentages stipulated under the exercise period 2 years after their issue date, it is reasonable to have a subscription price lower than the market price.

(II) Exercise Period:

1. Subscribers may exercise their share subscription right in accordance with below schedule 2 years after the employee stock warrants are granted. Warrants are valid for 6 years. Neither the warrants nor any interest therein shall be assigned, pledged, gifted or otherwise disposed of to any other person, except due to succession.

<u>Warrant Vesting Period</u>	<u>(Accumulated) Exercisable Warrant Percentage</u>
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

2. After being granted employee stock Warrants by the Company, if the subscriber or commits gross negligence such as breach of labor contract or work rules, the Company has the right to recover and cancel the stock warrants that are not yet vested.

(III) Types of Subscribable Shares: Ordinary shares of the Company.

(IV) If a subscriber leaves the Company due to any reason, the warrants shall be handled as follows depending on the remaining period of the warrants:

1. Departure (including voluntary resignation, departure due to handicap, unpaid leave, layoff or dismissal)

Warrants that are already vested may be exercised within 1 month from the date of departure. However, if there is any event under Article X, paragraph (I), the exercise period may be extended in accordance with the duration of the event. Warrants that are not vested on the date of departure are deemed waived.

2. Retirement (retirement in accordance with the law)

Warrants that are vested may be exercised within 1 month from the date of retirement. However, if there is any event under Article X, paragraph (I), the exercise period may be extended in accordance with the duration of the event. Warrants that are not vested on the date of retirement are deemed waived, provided that the chairman of the board of directors or the manager authorized thereby may determine particular subscription rights and exercise deadline to the extent of the exercise schedule under Article V, paragraph (II).

3. Decease

Warrants that are vested may be exercised by the successor within 1 year from the date of decease or before the expiry date of the warrants (whichever is earlier). Warrants that are not vested on the date of decease are deemed abandoned.

4. Relocation

If the subscriber is relocated to an affiliate or another company, the warrants shall be handled in the manner as for departed employees. If the employee is relocated pursuant to the Company's request, the chairman of the board of directors or the manager

authorized thereby may determine particular subscription rights and exercise deadline to the extent of the exercise schedule under Article V, paragraph (II). If the subscriber or the successor thereto does not exercise the subscription right before the above deadline, the subscription right shall be deemed waived.

(V) If the subscriber or the successor thereto does not exercise the subscription right before the above deadline, the subscription right shall be deemed waived. The Company shall cancel the warrants that are waived with no further issuance.

VI. The Company shall perform the agreement by delivery newly issued ordinary shares. Change in capital amount will be registered after the shares are issued in accordance with the proviso of Article 161, paragraph 1 of the Company Act.

VII. Adjustment to Subscription Price

(I) After the stock warrants are issued, other than conversion of any security convertible into ordinary shares or any warrant issued by the Company into ordinary shares or issuance of new shares as employee remuneration, when the number of the Company's ordinary shares changes (i.e., capital increase in cash, conversion of profit into capital, conversion of capital reserve, company merger, issuance of new shares following assignment of another company's shares, share split, participation in issuance of overseas depository certificate through capital increase in case, etc.), the share subscription price shall be adjusted in accordance with below formula (calculated up to a minimum of NT\$0.1, with further decimal rounded up/down).

Subscription Price after Adjustment =

$$\text{Subscription Price before Adjustment} \times \frac{\text{Price Paid per Share} \times \frac{\text{Number of New Shares Issued}}{\text{Market Price per Share}} + \text{No. of Shares Issued}}{\text{No. of Shares Issued} + \text{No. of New Shares Issued}}$$

1. "No. of Shares Issued" is the total number of ordinary shares issued with proof of share payments made.
 2. "Price Paid per Share" is zero in case of share distribution without consideration or share split.
 3. In case of merger with another company, the "Price Paid per Share" for each new share from capital increase shall be the average closing price of the Company's ordinary shares during the consecutive 20 business days starting from the 45th business day preceding the merger record date.
 4. No adjustment will be made if the share subscription price after adjustment is higher than the share subscription price before adjustment.
- (II) If the Company issues cash dividend after the stock warrants are issued and if the cash dividend issued for ordinary shares represents more than 1.5% of the market share per share, the price shall be lowered on the dividend record date based on the percentage of the market price per share in accordance with below formula:

$$\text{Lowered Price} = \text{Original Price} \times (1 - \text{Cash dividend issued on ordinary shares as a percentage to the market price per share})$$

The market price per share under the previous paragraph shall be the simple arithmetic average of the closing prices of the ordinary shares on the 1st, 3rd and 5th business day preceding the publication date for share transfer suspension in relation to the cash dividend.

- (III) If cash dividend and stock dividend are issued at the same time (including conversion of profit into capital and conversion of capital reserve), cash dividend shall first be deducted. Then the subscription price shall be adjusted based on the amount of stock dividend.
- (IV) If the number of ordinary shares is lowered due to capital reduction other than cancellation of treasury shares after the stock warrants are issued, the share subscription price shall be adjusted based on below formula (calculated up to a minimum of NT\$0.1, with further decimal rounded up/down) and adjustment shall be made on the capital reduction record date.

Capital reduction to compensate losses:

Subscription Price after Adjustment = Subscription Price before Adjustment x (No. of Shares Issued before Capital Reduction / No. of Shares Issued after Capital Reduction)

Capital reduction by cash:

Subscription Price after Adjustment = (Share Subscription Price before Adjustment – Amount of Cash Return per Share) x (No. of Ordinary Shares Issued before Capital Reduction / No. of Ordinary Shares Issued after Capital Reduction)

VIII. Warranty Exercise Procedure

- (I) Other than the statutory share transfer suspension period and the restricted period under Article X, paragraph (I) of these Rules, the subscriber may exercise its right of share subscription in accordance with the schedule under Article V, paragraph (II) of these Rules by filling out a share subscription request form and filing an application with the shareholder service agency of the Company. The share subscription takes effect upon delivery and the application shall not be cancelled.
- (II) Upon receipt of a share subscription request, the Company's shareholder service agency shall give notice to the subscriber to make share payment to the designated bank.
- (III) Upon confirmation about receipt of full share payment, the Company's shareholder service agency shall register the number of shares subscribed in the Company's shareholders register and shall issue new ordinary shares issued by the Company through depository remittance within 5 business days.
- (IV) The new ordinary shares issued by the Company shall be traded on the stock exchange from the date of delivery to the subscriber. If the ordinary shares of the Company may be traded on the Taiwan Stock Exchange in accordance with the law, the new ordinary shares issued by the Company may be traded on the stock exchange from the date of delivery to the subscriber.
- (V) The Company shall publish the number of shares delivered pursuant to the exercise of warrants by employees during the previous quarter within 15 days from the end of each quarter. The Company shall also make a filing with the competent authority for company

registration to register the new capital amount following completed share subscription at least once a quarter.

However, if there are less than 20 days before or after the record date for share distribution without consideration, the record date for special capital change registration or the record date for routine capital change registration, the Company may adjust or cancel the above routine capital change registration.

- IX. If the share subscription price is lower than the face value of share certificates
If the share subscription price of the warrants issued by the Company is lower than the face value of ordinary share certificates, the face value of ordinary share certificates shall be the subscription price.
- X. Restricted Right after Exercise of Subscription Right
- (I) For warrants delivered by the Company to the employees, the share subscription right shall not be exercised during below periods of each year:
1. Statutory share transfer suspension period before the shareholders' meeting of the current year.
 2. The period starting "3 business days before the publication of ex-right date for share distribution without consideration carried out by the Company with the Taiwan Stock Exchange and the publication of ex-dividend date for cash dividend" until the "record date for share distribution without consideration or the record date for interest distribution (whichever is later)".
 3. The period starting "3 business days before the date of publication about the record date decided for merger in the year" until the "record date for merger in the current year", or the period starting "3 business days before the date of publication about the record date decided for split in the current year" until the "record date for split in the current year", or the period starting "3 business days before the date of publication of the ex-right date for share distribution with consideration carried out by the Company with the Taiwan Stock Exchange in the current year" until "the record date for share distribution with consideration in the current year."
 4. Other statutory share transfer suspension period pursuant to the occurrence of facts.
 5. The rights and obligations of the ordinary shares delivered pursuant to the exercise of subscription right shall be the same as the ordinary shares already issued by the Company.
- XI. Confidentiality
- After being granted the stock warrants, the subscribers shall comply with confidentiality and shall not disclose any relevant detail or quantity of stock warrants granted unless required by law or the competent authority. Any breach shall be handled in accordance with Article V, paragraph (II), subparagraph 2 of these Rules.
- XII. Implementation Bylaws
- The Company shall give further notice to the subscribers about the warrants granted to each individual subscriber, the quantity granted, the relevant procedures such as the exercise of warrants, share price payable upon subscription, reissuance of share certificates, etc. and the time of such procedures.

XIII. Other Important Matters

- (I) These Rules take effect after they are approved by the majority of directors attending a meeting that is attended by 2/3 or more directors and after they are filed with and approved by the competent authority. In the course of review by the competent authority, if these Regulations need to be amended pursuant to the requirement of the competent authority, the chairman is authorized to make amendment first, followed by ratification by the board of directors before issuance.

- (II) Anything that is not stipulated in these Rules shall be governed by applicable laws.

AAEON Technology Inc.

Ethical Corporate Management Best Practice Principles

Revision Date: August 8, 2016

Article 1 (Set Purpose and Basis)

These Principles are adopted to assist the company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Each company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of such company, which comprise its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

The company includes company Director, managers, and other employees are subjects in the Ethical Corporate Management Best Practice Principles.

The managers subjected in the Principles include General Managers or equivalent job level, Vice President or equivalent job level, Assistant Vice President or equivalent job level, Financial Manager, Accounting Manager, and other management roles in the company.

Company employees subjected in the Ethical Corporate Management Best Practice Principles include any personnel who receive salary from the company.

The Principles present itself to be universal in the context of the working environment within the company.

Article 2 (Unethical Conduct Prohibition)

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of company or persons having substantial control over the company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 (Types of Benefits)

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Regulatory Compliance)

Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Policy)

Company shall abide by the operational philosophies of honesty, transparency and responsibility, base

policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention Programs)

Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, company shall comply with relevant laws and regulations of the territory where the company and their business group are operating.

In the course of developing the prevention programs, company be advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 (Scope of Prevention Programs)

Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Commitment and Implementation)

Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 (Ethical Management of Commercial Activities)

Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.

Article 10 (Bribery and Corruption Prohibition)

When conducting business, company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 (Political Donations Prohibition)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Inappropriate Charity Contributions or Sponsorships Prohibition)

When making or offering donations and sponsorship, company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 (Unreasonable Presents, Hospitality or Other Improper Benefits Prohibition)

Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 (Intellectual Property Infringe Prohibition)

Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition against Unfair Competition)

Company shall engage in business activities in accordance with applicable competition laws and regulations.

Article 16 (Prevention of Damage Caused by Products and Services to Stakeholders)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other

stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 (Organization and Responsibility)

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 (Regulatory Compliance for Conducting Business)

Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 (Recusal of Directors and Managers due to Conflicts of Interest)

Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of a company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion

of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 (Accounting and Internal Control)

Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of a company listed company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans? including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 (Procedures and Guidelines for Conduct)

Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 (Training, Awareness Programs, and Reward and Discipline System)

The chairperson, general manager, or senior management of a company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the company's commercial transaction counterparties so they understand the company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 (Whistle-Blowing System)

Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24 (Disciplinary and Appeal System)

Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 (Information Disclosure)

Company shall comply with laws and regulations to disclose their ethical corporate management best practice principles in appropriate channels.

Article 26 (Ethical Corporate Management Policies and Measures Suggestion and Revise)

Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 (Implementation)

The ethical corporate management best practice principles of company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. When a company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full

consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

For a company that has established an audit committee, the provisions regarding supervisors in these Principles shall apply *mutatis mutandis* to the audit committee.

AAEON Technology Inc.
Ethical Behavior Guideline

Revision Date: August 8, 2016

Chapter 1 General

Article 1 (Set Purpose and Basis)

With the aim to establish a good behavioral environment, the company should be guided through Ethical Behaviors Guidelines and allow related company personnel to comprehensively understand the purpose of the standard; “Stock and OTC Company Ethical Behavior Guidelines” and the standard of those in the Electronics Industry are used as referral to ensure stable company growth and success.

Article 2 (Definition and Scope)

The company includes company Director, managers, and other employees are subjects in the Ethical Behavior Guidelines. The managers subjected in the Guidelines include General Managers or equivalent job level, Vice President or equivalent job level, Assistant Vice President or equivalent job level, Financial Manager, Accounting Manager, and other management roles in the company. Company employees subjected in the Ethical Behavior Guidelines include any personnel who receive salary from the company. The Guidelines present itself to be universal in the context of the working environment within the company.

Chapter 2 Compliance

Article 3 (Regulatory Compliance)

Legislations are the minimum standard; the company should abide to laws and rules of the country or area they reside in. If there are inconsistencies between the Ethical Behavior Guidelines and local laws, higher standard of the two should be adopted for use and reference. If company rules come into conflict with country’s legislation, contact legal unit immediately. Violation of laws has severe consequences; if there are any related inquiries, please contact legal unit immediately.

Article 4 (Bribery and Corruption Prohibition)

The company cannot bribe civil servants and are prohibited in assisting or cooperating in any form of corruption practices. The company are prohibited in providing illegal political contributions, inappropriate charity contributions, or sponsorships.

All related company personnel, employees, person of interests, stakeholders, person of contract are subjected to company’s Anti-Corruption Mandate.

Upon presenting gifts to civil servants, related measures should be taken by the company and the values of the gifts should be approved by supervisors.

Article 5 (Insider Trading Prohibition)

Upon having knowledge on important updates and information of the company, company stock trading through third parties and providing related advice are prohibited 18 hours before and after the release of company messages and information; Intentional and purposeful release of company stock information is highly prohibited.

Article 6 (Intellectual Property)

AAEON highly values its intellectual property and others' likewise; the company cannot use, replicate, transfer, and distribute any intellectual property of other companies without legal authorization. This includes trademark brands, literature, artwork of any form, music, videos, photos, software, etc.

Article 7 (Confidential Information)

The company must protect business confidential and provide information to relevant company business associates appropriately. Third party affiliates must abide to confidentiality contract signed previously with the company; employees are still responsible for the protection of confidential information even after the contract terminates.

Chapter 3 Preventing Conflicts of Interest

Article 8 (Scope and Definition of Conflict of Interest)

Conflict of interest is defined as effects on personal and/or company interests. Personal interests include, but do not limit to, gifts of any forms, cash reward out of gratitude, special treatment of any sort or benefits, little to no interest rate on mortgages, or priced objects such as bonds, credit cards, stocks, coupons, etc. Range of personal interest include spouses or relatives within the second degree of kinship. The company should pay special attention to the subjects described above in providing.

Article 9 (Dis-involvement in Conflict of Interest Behavior)

The company associates are prohibited to:

1. Become part-time, director, supervisor, and (appointee and contractor related) consultant of unrelated enterprises. Current company director, supervisor, and (appointee and contractor related) consultant are immune after authorization from the Board of Shareholders. Current company employees and General Managers are immune with previous authorization.
2. Completing transactions and trading with the company, representing him or herself and other.
3. Being involve in jobs that have the potential to disruption company businesses.

Article 10 (Probable Conflict of Interest and Solution)

Conflict of interest is not always caused by personal intentions; often times it is caused by the surrounding environment or involvement of third parties. The company must notify their supervisors if the following occurs:

1. Effects of company decisions and the implementations that may impact employees' personal interests.
2. Effects of company decisions and the implementations that may impact company's business sales partners and competitors.
3. Spouses, parents, sons and daughters, or any third-degree family members need to disclose relationships prior to applying for jobs at the company.
4. Other possible conflict of interests situations.

Supervisors are required to consult with legal unit to determine problems and also the solutions to the problems.

Article 11 (Probable Conflict of Interest and Violation)

Inability to provide explanation regarding conflict of interest or failure to abide to resolution

procedures will both be considered as violations to the Guideline.

Article 12 (Periodic Stock and OTC Description)

The company may require employees to state the investment or ownership of an existing or prospective supplier, customer, or other partners either by themselves or through relatives and friends on a regular basis unless the individual has shares of public or OTC company.

Article 13 (Conflict of Interest Event Avoidance)

The company should avoid attending any business or financial events that induce conflict of interest; self-investment or investing through third parties should be avoided.

Chapter 4 Gifts, Business Treatments and Social Guidelines

Article 14 (Deny Rebate and Commission)

The company are prohibited to receive any rebates and commission.

Article 15 (Deny Inappropriate Gifts and Solution Method for Unreturnable Gifts)

The company of the company are prohibited to periodically meet, request, or receive any forms of gifts, discounted trading, special treatments, borrowing of funds, joint investments, stock subscriptions, or any other form of unethical practices with sales associates of other companies, suppliers, providers, or clients. If inappropriate gifts of all sorts were to be received, report to supervisors and issue return of the gifts; if the gifts could not be returned for any reason, report to the Welfare Committee.

Cash value or gifts that exceed \$3000 NT are marked as inappropriate gifts and contributions.

Article 16 (Business Related Events and Vendor Reception)

Business related events and vendor receptions shall be in the interest of the company and should report, verbally or in writing (email, phone call, text), the type of event and date, subject and reason, name of companies being invited, names of all participants, location, etc. to relevant supervisors for approval. Associates need to report to supervisors prior to attending events if unexpected or sudden conditions occur. Employees cannot, under any circumstances, damage image and reputation of the company in these events.

Vendors described above include: AAEON partner vendors, suppliers, clients, and those of prospective.

Article 17 (Presenting Gifts to Clients)

The gifts presented to the clients need to follow normal business convention, laws, and standards and must follow company procedures.

Chapter 5 Avoid the opportunity of yourself or other third person

Article 18 (Avoidance of Intentional Benefit)

The company should constantly strive for opportunities that would benefit the company as a whole. To prevent obtaining personal profit and loss of opportunities, employees

1. Cannot divert company funds and assets for private and personal use.
2. Cannot use normal working hours and work part-time for another company.

3. Cannot invest in current or prospective suppliers, given the opportunity.
4. Cannot obtain benefits for relatives of any kind.
5. Cannot obtain business confidential or use specialized skills and knowledge and be engaged in non-company related sales.
6. Cannot prioritize personal benefits and obstruct or prevent company from obtaining profit.

Chapter 6 Information is fully preserved and published

Article 19 (Information Disclosure)

The company is required to disclose company information such as financial statement to investors and the public to increase financial transparency. Employees who are involved in information disclosure must make sure the information are complete, accurate, and abide to disclosure rules to protect company's reputation.

Article 20 (Method of Disclosure)

The accuracy of financial statements and information disclosures are critically important; employees should give their best in making sure the disclosing information is complete, appropriate, correct, timely, and understandable.

Article 21 (Fraud and Related Information)

Company balance sheets, receipts, records, funds and assets should be proper organized, indexed, and maintained to ensure consistency during transactions. Intentional crafting of financial statements or any accounting documents is highly prohibited and would be considered as fraud; employees cannot perform transactions with the company using unknown bank accounts (or accounts from any third parties).

Article 22 (Information Assets)

The policies, regulations, and laws regarding information system securities are abide by the company; employees shall refer to related laws and policies and provide any related records on surveys, litigations, and process procedures.

Chapter 7 Fair trade, advertising and competition

Article 23 (Equal Treatment)

The company should equally treat clients, suppliers, competitors, and their own colleagues without bias; purposefully manipulate, conceal, and misuse information, limit and restrain colleagues without justification, and engage in biased trading are not tolerated.

Article 24 (Equal Treatment of Suppliers)

The company should equally treat all suppliers without bias.

Article 25 (Sales Integrity)

The company highly values sales integrity; any forms of false advertisements and misleading strategies against competitors will not be tolerated. Trademark labels and advertisements must always be truthful with correct labeling information

Article 26 (Prohibition of Joint Operation)

The company cannot lead, initiate, or participate in any joint operation events with other companies. Joint behaviors include contract and agreement initiations and making decisions with competitors regarding production amount, prices, technological skills, products, equipment, trading partners, and marketing areas. If there are any inquiries please contact legal unit for further information.

Chapter 8 Maintain the interests of the company

Article 27 (Protection of Company Assets)

The company should protect company assets and ensure that they are effectively used within the scope of business objectives. This is to prevent theft, carelessness, and wasting of resources, all of which could affect the company negatively. Report and notify supervisors if the point described above occurs. Company reserves the right to monitor or inspect employees' use of assets.

Article 28 (Business Confidential)

Business confidential files and information cannot be released or leaked upon execution of tasks and jobs; sales and business records should be properly managed and organized and intellectual property of others should be respected and legally approved before using.

Article 29 (Respect of Employee Privacy)

As much as company values individual privacies, employees should not make assumptions that customization of desktop background, compartments, forms of computer usage and phone equipment fall into the category. To the extent permitted by the local legislation, the company has the right to monitor employee activities and records such as dialing/communication records, email/internet records, file and information accesses, and password encrypted records and files.

Article 30 (Speech Authorization)

Anyone is prohibited to make any announcements on behave of the company to the media, investors, securities analysts, and internet blogs of any sort without authorization. Upon receiving invitation to make certain statements from reporters or the media, please direct them to contact directly with appropriate unit (Speech Authorization) within the company. Please indicate as “personal opinion” upon making announcements, statements, or comments on any public forums.

Article 31 (Trade and Agreement Approval)

Without prior company approval, anyone is prohibited to trade and make agreements with clients and suppliers in private. Completing tasks that are not part of the job description under the name of the company is prohibited. Without prior approval, all company related stamps and seals cannot be recreated.

Article 32 (Usage of Trademark Brand)

Company trademark and the image it presents are considered as important assets to the company. Employees and associates should contribute in maintaining the image when representing AAEON to the public. Sales, third party proxy, dealers, or personal use of internal and external communication should abide to related company regulations when using products and services, advertisements, and

marketing information.

Chapter 9 Social and Community Participation

Article 33 (Society and Community Participation)

In addition to obtaining profits from research and development, societal and communal environments present themselves as one of the critical factors of company's business successes; base on the concept of paying back to the society, the company will encourage employee participation in community events, inducing social responsibility and societal growth.

Chapter 10 disciplinary work

Article 34 (Ethical and Legislation Inquiries)

The company should comply with government regulations and company rules and procedures, such as any moral or legal questions, please consult the competent authority and the legal profession professional advice.

Article 35 (Violation Consequences)

Violation of the standards of the company personnel, depending on the severity of the company according to the company or the relevant laws and regulations to punish.

Article 36 (Appeal of Consequences)

Violation of the standards of the company personnel were punished, according to the relevant provisions of the complaint.

Article 37 (Director and Management Violation and Revelation)

If director or managers violate major points/rules described in the Guidelines, the company need to refer to Government Regulatory Provisions and report violator's job title, name together with the reason of violation, code of violation, etc.

Article 38 (False Accusation and Consequence)

If the investigation of malicious if the accused others, the company will take the appropriate circumstances, to take appropriate sanctions.

Chapter 11 Others

Article 39 (Report Mailbox)

Guideline violations can be reported through Aaeon.direct@aaeon.com.tw.

Article 40 (Informant Protection)

It is the company's responsibility to protect informants of Guideline violators or any related personnel in between the reporting process. Keeping informants anonymous serves to prevent unequal and inappropriate treatments.

Article 41 (Exemption and Procedure)

Being exempt from this Guideline requires collective approval of the Board of Directors; the name and job title of the person who's being exempt, exemption approval date, applicable period, exemption reason and range need to be fully disclosed according to government authorities. This allows beneficiaries to evaluate exempt decisions made by the Board of Directors and prevent unlawful exemptions from occurring.

Article 42 (Method of Disclosure)

The Ethical Behavior Guideline is required to be publicly disclosed; modifications to the Guideline must also be publicly disclosed.

Article 43 (Implementation)

The Ethical Behavior Guideline will be effective after review and approval from the Board of Directors and after submission to the Board of Shareholders; the process is the same when the Guideline is being modified.

The Guideline was created on April 29,2016 and first revision on August 8,2016.

AAEON Technology Inc.
Articles of Incorporation

Revision Date: May 31, 2023

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's stocks are registered and issued with the signature or seal of the directors representing the company, and are numbered accordingly. They are issued after being certified by the competent authority or the designated issuing registration institution in accordance with the law. The Company is not required to print physical shares but must register with a centralized securities depository enterprise for the shares issued in accordance with the enterprise's regulations.
- Article 8: The change of name and transfer of shares are suspended within 30 days before the general meeting, 15 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other benefits.
 After the initial public offering, the records in the shareholder register cannot be modified

within 60 days before the general meeting, 30 days before an extraordinary shareholders meeting, or 5 days before the record date of distribution of dividends and bonus, or other benefits.

Chapter 3 Shareholders Meetings

- Article 9: The shareholders meeting can be a general meeting or an extraordinary meeting. The general meeting should be held at least once within 6 months after the end of each fiscal year by the Board of Directors. The extraordinary meeting can be held as necessary.
- Article 10: Any shareholder who is unable to attend the shareholders meeting may execute the form proxy prepared by the Company and specify the scope of authorization to appoint an agent.
- Article 11: Except for the nonvoting shares under Article 179 of the Company Act, each shareholder of the Company shall have one vote per share.
When the Company holds any shareholders meeting after public offering (or trading in OTC market), it should permit electronic means as one of the voting methods and specify such voting process in the shareholders meeting notice.
- Article 12: Unless otherwise provided in the Company Act and in these Articles, the resolution of the shareholders meeting should be made by the majority of the shareholders being present at the meeting and representing the majority of the outstanding shares.
- Article 12-1: After the initial public offering, the Company may withdraw the public offering only pursuant to Article 156 of the Company Act by having the approval of the majority of the shareholders being present at the meeting and representing two-third of the outstanding shares.

Chapter 4 Directors and Audit Committee

- Article 13: The Company should have 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 13-1: 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. 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.

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. The eighth amendment and reinstatement are made on May 31, 2023.

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.

AAEON TECHNOLOGY INC. Director Shareholding

1. The Company's paid-in capital is NT\$ 1,608,908,300 Total number of issued shares is 160,890,830.
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 9,653,449 shares.
3. As of the halt date for this shareholders' meeting, the shareholding of each director recorded in the shareholders' register is as below:

March 31, 2024

Title	Name	Date elected	Shares Owned (share)	Shareholding percentage (%)	Representative
Chairman	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	2.81%	Yung-Shun Chuang
Director	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	2.81%	Ying-Chen Li
Director	Jui Hai Investment Co.,Ltd.	2023/5/27	4,515,000	2.81%	Fu-Chun, Chuang
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	27.20%	Jonny Shih
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	27.20%	Jonathan Tsang
Director	ASUSTeK Computer Inc.	2023/5/27	43,756,000	27.20%	S.Y. Hsu
Director	iBase Technology Inc.	2023/5/27	41,698,468	25.92%	Chiu-Hsu, Lin
Director	iBase Technology Inc.	2023/5/27	41,698,468	25.92%	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	Shioulia Lin	2023/5/27	0	0	
Total			89,969,468	55.93%	

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 2023 as required and the Company does not have any stock grant plan. Therefore, it is not applicable.

- (2) Shareholder motions received for this year's shareholders' meeting:

1. Pursuant to Article 172-1 of the Company Act, any shareholder who owns more than 1% of the total outstanding shares may submit the motion proposal to the general meeting in writing. The proposal should only include one motion and should be described in 300 words. Any proposal including more than one motion, or described in more than 300 words will not be accepted. The Shareholder who proposed needs to attend the Shareholders' Meeting in person, or delegate others the power of attorney, and engage in the discussion.
2. Proposals of shareholders' motions should be submitted between March 22, 2024 and April 1, 2024, 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.