



Andes Technology Corporation

Handbook for the 2021 Annual Meeting of Shareholders

(Summary Translation)

Meeting Date: May 25th, 2021

Table of Contents

Procedure for the 2021 Annual Meeting of Shareholders.....	1
Agenda of Year 2021 Annual Meeting of Shareholders	2
I. Report Items	3
II. Acknowledgements.....	4
III. Election.....	5
IV. Proposed Resolutions	6
V. Extemporaneous Motions.....	13
Attachment.....	14
Attachment 1 2020 business report	15
Attachment 2 Audit Committee’s Review Report	17
Attachment 3 Independent Auditors’ Report and Consolidated Financial Statements.....	18
Attachment 4 Independent Auditors’ Report and Unconsolidated Financial Statements.....	29
Attachment 5 List of Director Candidates (including Independent Director Candidates).....	40
Attachment 6 The position and company name list of the candidate for the Directors (including Independent Directors)	42
Attachment 7 Regulation Governing the Issuance of Restricted Shares for Employee in 2021	43
Appendix	47
Appendix 1 Andes Articles of Incorporation.....	48
Appendix 2 Andes Rules and Procedures of Shareholders’ Meeting.....	54
Appendix 3 Rules for Election of Directors.....	63
Appendix 4 Shareholdings of All Directors	65

Andes Technology Corporation

Procedure for the 2021 Annual Meeting of Shareholders

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report Items
- IV. Acknowledgements
- V. Elections
- VI. Proposed Resolutions
- VII. Extemporary Motions
- VIII. Meeting Adjourned

Andes Technology Corporation

Agenda of Year 2021 Annual Meeting of Shareholders

Time: 10:00 a.m., May 25th, 2021 (Tuesday)

Venue: Meeting Room Darwin, 2F, No.1, Gongye E. 2nd Rd., Hsinchu Science Park,
Hsinchu, Taiwan

Agenda:

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report items
 - (1) 2020 business report
 - (2) Audit Committee's review report on the 2020 financial statements
 - (3) Report on 2020 employees' compensation and remuneration to directors
 - (4) Report on the 2020 cash dividend distribution
- IV. Acknowledgements
 - (1) Adoption of the 2020 business report and financial statements
 - (2) Adoption of the proposal for distribution of 2020 profits
- V. Elections
 - (1) Election of seven directors (including three independent directors) of the 7th session
- VI. Proposed Resolutions
 - (1) Proposal for releasing the non-compete restriction on the Company's 7th newly elected Directors
 - (2) Proposal for issuing common shares or/and issuing common shares for sponsor of the issuance of Global Depositary Receipts (GDR)
 - (3) Proposal for the issuance of Restricted Stock Awards (RSA)
- VII. Extemporary Motions
- VIII. Meeting Adjourned

I. Report Items

Report item (1)

Proposed by the Board of Directors

Subject: 2020 business report.

Descriptions: For 2020 business report is attached on P.15~P.16, Attachment 1.

Report item (2)

Proposed by the Board of Directors

Subject: Audit Committee's review report on the 2020 financial statements.

Descriptions: 2020 Audit Committee's review report is attached on P.17, Attachment 2.

Report item (3)

Proposed by the Board of Directors

Subject: Report on 2020 employees' compensation and remuneration to directors.

Descriptions:

- (1) According to Article 23 of the Company's Articles of Incorporation, if there is any profit for a specific fiscal year, the Company shall allocate no less than 2% of the profit as employees' compensation and shall allocate at a maximum of 1% of the profit as remuneration to directors, provided that the Company's accumulated losses shall have been covered in advance.
- (2) The Board has adopted a proposal for distribution of 2020 profit as follows: employees' compensation is NT\$2,439,000 and the remuneration to directors is NT\$406,000; both shall be paid in cash.

Report item (4)

Proposed by the Board of Directors

Subject: Report on the 2020 cash dividend distribution.

Descriptions: Net income of 2020 was NT\$35,141,808. According to Article 23-1 of the Company's Articles of Incorporation, setting aside 10% legal reserves NT\$3,514,181, the proposed Cash dividend to shareholders was NT\$31,627,627. The Chairman of the Board is authorized to make the Ex-dividend base date and the dividend payment date.

II. Acknowledgements

Acknowledgement (1)

Proposed by the Board of Directors

Subject: Adoption of the 2020 business report and financial statements.

Descriptions:

- (1) The Company's 2020 Business Report and financial statements has been approved by the 13th Meeting of the 6th Board of Directors and reviewed by Audit Committee. The Audit Committee's review report was issued accordingly.
- (2) ANDES' 2020 financial statements were audited by independent auditors Shao-Pin Kuo and Jia-Lin Tu of Ernst & Young.
- (3) For the 2020 business report is attached on P.15~P.16, Attachment 1. For the aforementioned financial statements, please refer to P.18-P.39, Attachment 3 and Attachment 4.

Resolution:

Acknowledgement (2)

Proposed by the Board of Directors

Subject: Adoption of the proposal for distribution of 2020 profits.

Descriptions:

- (1) The proposal for distribution of 2020 profits has been approved by the 13th Meeting of the 6th Board of Directors and reviewed by Audit Committee. The Audit Committee's review report was issued accordingly.
- (2) Please refer to the 2020 profit distribution table below:

Descriptions	Amount (NTD)
Unappropriated retained earnings of previous years	\$ 0
Plus: Net income of 2020	35,141,808
Earnings available for distribution	35,141,808
Less: setting aside 10% legal serves	(3,514,181)
Add: setting reversal ' special reserves of prior years	0
Less: setting aside special reserves	0
Distributable net profit	31,627,627
Shareholders' dividends – Cash (NT\$ 0.741546 per share)	(31,627,627)
Unappropriated retained earnings	\$ 0

1. The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and recognized as the Company's other income. The Chairman of the Board is authorized to make the Ex-dividend base date and the dividend payment date.
2. Cash dividend distributions are calculated based on Andes' outstanding shares of 42,650,911 shares as of March 2nd, 2021.
3. In the event of any change in the number of outstanding shares resulting from the repurchase of the Company common stock, transfer, conversation or cancellation of the treasury stock, the dividend ratio must be adjusted. The Chairman of the Board is authorized to make any adjustment of the dividend ratio and to proceed on the relevant matters.

Chairman: Ming-Kai Tsai

President: Jyh-Ming Lin

CFO: Han-Chang Cho

Resolution:

III. Election

Election (1)

Proposed by the Board of Directors

Subject: Election of seven directors (including three independent directors) of the 7th session.

Descriptions:

- (1) According to Article 16 of the Company's "Articles of Incorporation", the Company sets up 5 to 9 director seats, and the board is authorized to decide the number of directors.
- (2) The tenure of Directors of the 6th session will be due on June 20th, 2021. The Company plans to elect the Directors of the 7th session for 7 seats of Directors (including 3 seats of Independent Directors) at the 2021 annual shareholders' meeting. The tenure of Directors of the 6th session will be due on the end of the annual shareholders' meeting. The new tenure of Directors will start at the end of the election from May 25th, 2021 to May 24th, 2024, for a period of three years.
- (3) For the list of Director Candidates (including Independent Directors Candidates), please refer to P.40-P.41, Attachment 5.
- (4) Election is respectfully requested.

Election Results:

IV. Proposed Resolutions

Proposal (1)

Proposed by the Board of Directors

Subject: Proposal for releasing the non-compete restriction on the Company's 7th newly elected Directors.

Descriptions:

- (1) Pursuant to Article 209 of the Company Act, "a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company's business shall explain the essential contents of such an act to the shareholders' meeting and obtain its approval."
- (2) Since there are directors of the Company holding concurrent positions at other companies whose business scope is the same or similar to that of the Company, we hereby request the meeting of shareholders to approve the removal of the non-competition restriction imposed on the directors of the Company in accordance with the above mentioned Article 209 of the Company Act.
- (3) For the position and company name list of the candidate for the Directors (including Independent Directors), please refer to P.42, Attachment 6.

Resolution:

Proposal (2)

Proposed by the Board of Directors

Subject: Proposal for issuing common shares or/and issuing common shares for sponsor of the issuance of Global Depositary Receipts (GDR).

Descriptions:

The Company intends to invest subsidiary, invest in software, equipment and related technologies of high-end technology products, enrich working capital, improve financial structure, and/or support other funding needs for one or more purposes such as the company's long-term development, and make the fund-raising channels more diversified and flexible. It is proposed to request the shareholders' meeting to authorize the Board of Directors to issue common shares by cash capital increase in stages or at the same time in accordance with the company's articles of incorporation, relevant laws and regulations at an appropriate time, or at the same time. Participating in the issuance of Global Depositary Receipts (GDR) or domestic cash capital increase issuance of common shares, the method and content are explained as follows:

1. The principle of raising capital through issuing common shares for sponsor of the issuance of GDR:

- (1) This cash appreciation capital issuance of common shares to participate in the issuance of GDR, the number of shares to be issued shall not exceed 10 million shares, and the Board of Directors shall be authorized by the shareholders meeting to adjust the issuance quota within this quota according to market conditions issued.

- (2) The issuing price of this “raising capital through issuing common shares for sponsor of the issuance of GDR” shall be based on the Self Regulation of Taiwan Securities Association for Underwriter Members Advising Public Companies of Offering and Issuing Securities (the Underwriter Self Regulation). The issuing price shall not be lower than (a) the closing price of the Company’s common share at Taiwan Stock Exchange on the price fixing date or (b) 90 % of the average stock price (the basic price) after ex-rights/ex-dividend (or ex-rights of capital reduction) of issuance of bonus shares deducted from simple arithmetic mean of the closing price of the common shares selected from whichever of the prior 1, 3, or 5 business day. Should the domestic law amends, the price setting can be adjusted in compliance with the law; Considering drastic short term fluctuation of domestic stock price, in order to attract foreign investors and obtain their supports, within the above authorization scope, the authorized Chairman of BOD or persons designated by the Chairman of BOD will, notifying the securities firms, decide the actual issuing price based on international customs, taking international capital market, domestic price and book building conditions into consideration as well. Therefore, the issue price setting method should be reasonable. Regarding the issuing price of GDR, the price shall be based on the fair market price of the common share in domestic securities exchange market. The original shareholders may still purchase common shares in domestic market with a price close to the issuing price of GDR, without taking the risk of currency exchange and circulation. Thus, the maximum amount of the capital increase in cash to participate in the issuance of GDR to the original shareholder’s equity dilution ratio is 18.99%. There should be no material impact to the original shareholders.
- (3) According to article 267 of the Company Act, this proposal of "raising capital through issuing common shares for GDR" will reserve 10% to 15% of new shares for subscription by the Company’s employees. According to article 28-1 of the Securities and Exchange Act, the rest of the shares shall be publicly offered as the underlying securities to sponsor the issuance of GDR. If the employee subscription is insufficient or waived, the Company proposes to authorize the Chairman of the BOD or persons designated by the Chairman of BOD to individually or jointly contact specific persons for subscription based on the issuing price, or, depending on the demands of the market, to list it as original securities for issuing GDR.
- (4) This cash appreciation fund issuance of common shares to participate in the issuance of GDR, the funds raised are expected to be used for reinvestment, investment in software, equipment and related technologies of high-end technology products, enrich working capital, improve financial structure and/ Or support for one or more purposes such as the company’s long-term development needs, and it is expected to complete the use of funds within two years after the completion of the fundraising. The execution estimate of this plan can strengthen the company’s competitiveness and improve operating efficiency. The benefits are positively beneficial to shareholders’ equity.
- (5) The important content of this cash increase of common shares to participate in the issuance of GDR plan, including such matters as issuance conditions, issuance methods, funding sources, planned items, scheduled progress and

expected possible benefits, and all other related issuance operations , To authorize the Board of Directors to adjust, determine and handle the situation according to market conditions. In the future, if changes are required due to the approval of the competent authority or based on operational evaluation or due to the objective environment, the Board of Directors is also requested to authorize the Board of Directors to deal with it.

- (6) In order to cooperate with the issuance of common shares by cash capital increase to participate in the issuance of GDR, the Chairman or his designated person is authorized to approve and sign all documents related to participation in the issuance of GDR and handle related matters on behalf of the Company.

2. Principles for domestic cash capital increase and issuance of common shares:

- (1) This domestic cash capital increase issuance of ordinary shares, and the number of shares to be issued shall not exceed 10 million shares.
- (2) The cash capital increase is NT\$10 per share, and the actual issue price will be in accordance with the relevant provisions of the Self Regulation of Taiwan Securities Association for Underwriter Members Advising Public Companies of Offering and Issuing Securities (the Underwriter Self Regulation) and authorize Chairman depending on the market conditions at the time of issuance The manager and the underwriter jointly negotiate, and submit it to the competent authority for review and issuance.

- (3) In accordance with Article 28-1 of the Securities Exchange Act, the underwriting method of the external public offering will be authorized to the Board of Directors to adopt either public subscription or enquiry circle purchase:

A. If the public subscription and allotment method is adopted:

In addition to retaining 10% to 15% of the issued shares in accordance with Article 267 of the Company Law and prioritized subscription by employees at the actual issuance price, in addition to the provision of 10% of the total amount of new shares issued in accordance with Article 28-1 of the Securities and Exchange Act, it is publicly issued. The remaining 75%~80% will be pre-subscribed by the original shareholders according to the shareholding ratio on the base date of subscription. If the subscription is less than 1 share of odd shares, the shareholders will pool together within five days from the date of cessation of transfer, and the original shareholders and employees will give up the subscription shares. Or the odd shares of less than 1 share are combined, and the chairman is authorized to contact a specific person to subscribe at the issue price.

B. If you use the enquiry circle purchase method:

Except that 10% to 15% of the issued shares are reserved according to Article 267 of the Company Law and the employees will preferentially subscribe at the actual issuance price, the remaining shares shall be subject to Article 28-1 of the Securities Exchange Law. It is proposed to submit to the shareholders meeting for approval by the original shareholders that the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders and such remaining shares will be offered to the public via book building, and all the shares shall be allocated for public issuance by means of enquiry circle purchase. In addition, if the company's employees have insufficient subscription or give up the subscription, the Chairman is

authorized to contact a specific person to subscribe at the issue price.

- (4) The new shares issued in this capital raise shall bear the same rights and obligations as the original shares.
 - (5) The funds raised from the cash capital increase issuance of ordinary shares are expected to be used for reinvestment, investment in software, equipment and related technologies of high-end technology products, enriching working capital, improving financial structure and/or supporting other capital needs in response to the company's long-term development. Wait for one or more purposes, and is expected to complete the use of funds within two years after the completion of the fundraising. The implementation of this plan is expected to strengthen the company's competitiveness, enhance the effectiveness of operating efficiency, and have a positive benefit to shareholders' equity.
 - (6) The important contents of the cash capital increase plan, including such matters as issuance conditions, funding sources, planned items, scheduled progress and expected benefits, etc., and all other related issuance operations, authorize the Board of Directors to adjust, determine and determine according to market conditions in the future. If changes are required due to approval by the competent authority or based on operational evaluation or due to the objective environment, the shareholders' meeting shall also authorize the Board of Directors to handle the matter.
 - (7) After the cash capital increase proposal is submitted to the competent authority to declare and become effective, the Chairman is authorized to set the subscription base date, payment period and capital increase base date and other matters related to the issuance of new shares.
3. If there are any outstanding matters, it is proposed to request the shareholders meeting to authorize the Board of Directors to deal with it in accordance with relevant laws and regulations.

Resolution:

Proposal (3)

Proposed by the Board of Directors

Subject: Proposal for the issuance of Restricted Stock Awards (RSA).

Descriptions:

1. Plan to follow the related provisions in Paragraph 9 of Article 267 of the Company Act and the "Regulations Governing the offering and issuance of Securities by Securities Issuers" promulgated by Financial Supervisory Commission, Executive Yuan in issuing Restricted Stock for employees in the year 2021.
2. Issuing Restricted Stock for employees related matters are described as follows:
 - (1) Total amount of new issuance: The maximum total amount of newly issued Restricted Stock is 60,000 common stocks. Each stock is at par value of NT\$10. Amounted to NT\$ 600,000 in total. Stocks will be issued at once or number of times from the date of resolution of shareholders' meeting.

(2) Conditions of issuing stocks:

I. Price of stock issued: each share is issued at NT\$0, that is, no cash value price is attached to the distribution of shares to the employees.

II. Vesting conditions:

A. The distribution of new restricted employee shares of this time shall be made pursuant to the following vesting conditions:

For those employees who are awarded the new restricted shares for employee being still at service after the expiration for the company or a subsidiary company of the following terms and achieving the performance criteria set by the Company (performance requirement is set by the Board of Directors), the proportion of shares reaching the vesting conditions is as follows.

Serving the expiration of one year: 33%

Serving the expiration of two year: 33%

Serving the expiration of three year: 34%

B. The company's operating objectives are based on revenue (Revenue) or earnings per share (EPS) as performance indicators. Achieving any performance indicator is deemed to have achieved the company's operating objectives; the determination of achieving the operating objectives is based on the annual consolidated financials verified by an accountant. The report forms the basis of calculation.

After the expiration of one year, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

After the expiration of two years, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

After the expiration of three years, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

For any employee who does not fulfill the vesting conditions, the Company will take back the shares without compensation to the employee and cancel those shares.

III. Type of stock issued: the Company's new common stocks

IV. Details are in Paragraph 4 of Article 5 of the Regulation Draft.

(3) Employee qualifications and number of stocks to be given to an employee

I. Employee qualifications:

The distribution of new shares is limited to the employees of the Company and domestic and foreign subordinate companies. The employees given the shares and the number of the shares awarded will depend on factors such as the years of service, job level, work performance, overall contribution, special achievements or other needed to be referenced condition in management. The plan will be set by the Chairman of the Board and submitted to the Board of Directors for

approval; however, for those employees with managerial identity should obtain the approval from the Remuneration Committee before submitting to Board of Directors.

II. Number of stocks to be given to an employee:

The cumulative number of shares subscribable through the employee stock options issued to a single employee in accordance with paragraph 1, Article 56- 1 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” plus the cumulative number of restricted new shares received by the same employee shall not exceed 0.3% of the Company’s total number of issued shares; and the above in combination with the cumulative number of shares subscribable through employee stock options issued in accordance with paragraph 1, Article 56 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” shall not exceed 1% of the Company’s total number of issued shares. However, with special approval from the central competent authority of the relevant industry, the application of the above-mentioned restriction of the ratio may be exempted. With respect to the recognition and calculation of the numbers of the abovementioned shares shall be handled pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers and related provisions.

(4) Indispensable reason for conducting this new issuance of restricted stock for employee:

To attract and retain the technology and professional talent needed by the Company, and motivate employees to stay longer with the Company, enhance the sense of belonging and productivity, in a hope to work together in creating benefits for the Company and its shareholders.

(5) The amount that may be counted as expense, situation of dilution on earnings per share and other matters that might impact shareholders’ equity:

I. The Amount that may be counted as expense:

The Company shall measure the fair value of the stock on the granting date, and recognize the related expenses throughout the period with yearly installment. The upper limit for the issuance of new restricted shares for employees in 2021 that planned to be proposed in the shareholders’ meeting is 60,000 shares and each share will be issued at 0 NT dollars, the total estimated expense is approximately NT\$28,440,000 (estimated using the closing price of NT\$474 on Feb. 22nd, 2021). According the predetermined issuance date at the beginning of July 1st, 2021, the estimated expenses from 2021 to 2024 are NT\$4,693,000, NT\$9,385,000, NT\$9,527,000 and NT\$4,835,000 dollars respectively.

II. Situation of dilution on earnings per share and other matters that might impact shareholders’ equity:

Provisional estimate based on the number of 42,650,911 shares, the Company’s record date. The reduction to earning per share after expensing the new issuance of restricted shares for employee from 2021 to 2024 are NT\$0.11, NT\$0.22, NT\$0.22 and NT\$0.11 respectively.

3. After the above contents are approved by the Shareholders' meeting. The Company could then conduct the stock issuance in one or several times. For the Regulation Governing the Issuance of New Restricted Shares for Employees in 2021, please refer to P.43-P.46, Attachment 7.
4. For the matters not stipulated in this new issuance of restricted shares for employee, if in the future, the component authorities amend or update the contents of the related terms and conditions, the Company plans to ask the shareholders' meeting to authorize the Board of Directors with full authority in dealing with such matter.

Resolution:

V. Extemporaneous Motions

VI. Meeting Adjourned

Attachment

Andes Technology Corporation Business Report

Dear Shareholders:

In 2020, the world experienced an unprecedented COVID-19 pandemic. The global economy has shown a very peculiar change, as well as human life and work patterns. Andes cannot stand outside the impact of COVID-19 either. Fortunately, Taiwan's response to the virus is outstanding, and Andes has not been seriously affected. We provided most of our sales, marketing, and technical services online as well as strictly verified sales colleagues' business trip plans, making the overall operation return to prosperity from the rapid decline in the early stage of the pandemic and achieve sustained growth and profitability.

Business results in 2020

Financial status:

In 2020, Andes Technology's consolidated revenue was NT\$581,012 thousands, showing an increase of 17% from last year, and made a record high. The licensing of CPU IP accounted for 54% of the total revenue, royalty revenues accounted for 27%, CPU IP technical service revenue (custom computing) accounted for 11%, maintenance service and other income accounted for 8%. Royalty revenues continued to grow at a high rate.

The consolidated operating income was NT\$37,622 thousands, and the net profit for the whole year was NT\$35,142 thousands, and this is the fourth consecutive year that Andes is profitable. Earnings per share was NT\$0.82. The net cash inflows of NT\$54,808 thousands for the whole year was mainly from the growth of operating revenue, and the end cash balance was NT\$526,682 thousands.

In terms of budget execution, Andes Technology only set its internal budget targets in 2020, and did not disclose financial forecasts. However, there is a small gap between revenue growth and expectations. Profits did not reach our target due to substantial investment in research and development and the associated cost and expenses.

Sales and marketing status:

In 2020, Andes Technology continued to market RISC-V products, making RISC-V products account for the majority of our licensed products. In terms of the total proportion, the turnovers of RISC-V products have exceeded 50% of all turnovers, and we have already received royalties in the fourth quarter after licensing our RISC-V products. Coupled with the continued high growth of royalty revenues in recent years, RISC-V products can be said as our second cash cow. According to statistics, our customers have produced over 2 billion AndeStar V3 SoCs in 2020, and the accumulative total has exceeded 6 billion. Until the fourth quarter, RISC-V and AndeStar V3 products continued to be licensed for SoC development.

Research development status (IP core and technology):

In 2020, Andes Technology continued to develop RISC-V high-end processor products. In this year, Andes Technology continued to launch 32-bit and 64-bit multi-core RISC-V high-end microprocessors and vector computing IP products, such as A27, AX27L2, N45, A45, D45, NX45, AX45, DX45, and NX27V. We also invested resources to continue to lead the RISC-V International Association in developing the P-Extension instruction set, Linux operating system, LLVM Compiler, etc. Being one of the leading manufacturers in the RISC-V camp, Andes has already showed the strength of its research and development team and has become one of the world's first-class CPU IP suppliers, laying the foundation for the future development of high-end multi-core products.

Business plan summary in 2020

Management policy and future company development strategy:

Andes Technology will continue to develop and provide high-end RISC-V microprocessor IPs and supporting solutions, as well as participate in managing strategies of the RISC-V board of directors to expand its competitiveness. At present, the 32-bit and 64-bit multi-core RISC-V A45MP and AX45MP processors have been released, and are in the final testing stage of research and development. They are expected to be delivered before the middle of the year. On that basis, Andes Technology has the ability to provide more complex and efficient computing platforms. Cooperating with our partners, Andes will help customers enter more HPC, PC, Mobile Phone, AI, and Cloud application processor (AP) fields.

Impact due to external competitive environment, regulatory environment and overall business environment:

Since listed on TWSE in 2017, Andes has followed the relevant laws and regulations for listed companies, continuously promoted corporate governance, and enhanced information transparency. Andes has also continued to place attention to the changes in the exchange rate of the New Taiwan dollar against the US dollar, adjust foreign currency assets accordingly to minimize the impact of exchange rates on financial statements. In 2020, an audit committee was established to implement corporate governance. Since 2019, the China-US trade war has continued to bring uncertainties to the global economy. The world also faced the threat of COVID-19 pandemic in 2020. NVIDIA announced to acquire ARM in the third quarter of 2020. These events had dynamic negative or positive influences and changes to Andes. The management team of Andes Technology continuously pays close attention to the development of the situation, adjusts the corresponding strategy to reduce the risks, and maintain our growth.

Last but not least, we would like to deliver our sincere appreciation to all of our shareholders for your long-term trust and continuous support for Andes, and wish you all good health and good luck.

Chairman: Ming-Kai Tsai

President: Jyh-Ming Lin

CFO: Han-Chang Chou

Andes Technology Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 business report, financial statements, and proposal for allocation of profits. The CPA firm of Ernst & Young was retained to audit Andes' financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To Andes Technology Corporation 2021 Annual General Shareholders' Meeting

Andes Technology Corporation

Chairman of the Audit Committee: Chen-Kuo Yang

March 2nd, 2021

Independent Auditors' Report Translated from Chinese

Independent Auditors' Report

To: Andes Technology Corporation

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Revenue recognition

Net sales recognized by the Group amounted to NT\$581,012 thousand for the year ended December 31, 2020. The Group provides embedded processor intellectual property (IP), and its revenues are mainly from licensing IP and providing IP maintenance services to clients. Considering that revenues from contracts with customers usually include more than one performance obligations, the Group recognizes revenues when the control of goods and services under each performance obligation has been transferred. However, contract terms may vary and there remains a risk of revenues being recorded in an inappropriate period because the control of the promised goods or services has not been transferred to the buyer. Therefore, we considered this a key audit matter.

Our audit procedures included (but not limited to) assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls over revenue recognition; selecting samples from the contracts with customers to review significant terms and conditions of contracts, identify separate performance obligations and their transaction prices, and further perform tests of details to verify the correctness of the amount and timing of revenue recognition.

We also assessed the adequacy of disclosures of operating revenues. Please refer to Note 4 and 6 to the Group's consolidated financial statements.

An intangible asset arising from development costs

The Group devotes itself to developing and constructing a unique system architecture and contributes significant R&D efforts in development of embedded processor IPs and hardware/software developing platforms. Therefore, the Group determined to capitalize the expenditures during development phases of certain R&D projects. Net carrying value of intangible assets arising from development recognized by the Group was NT\$289,983 thousand as of December 31, 2020, NT\$162,379 thousand of which was recognized during the year. Both amounts are significant to the Group. In order to meet all of the capitalization criteria, the Group's management performed assessments on each individual project based on the internal and external information available, which involved management judgement and assumptions. Therefore, we considered this a key audit matter.

Our audit procedures included (but not limited to) evaluating and testing the design and operating effectiveness of internal controls over the internally generated intangible assets, including assessing whether the Group has established appropriate written accounting policies that address the required conditions and documentations for R&D expenditure capitalization; selecting samples from research and development projects of the year to gather evidences to support the technical feasibility, future economic benefits, the availability of future resources and expenditures needed, the management's intention to complete and the ability to sell the intangible asset; and verifying the accuracy of the expenditures attributable to the intangible asset during its development phase and the amount to be capitalized.

We also assessed the adequacy of disclosures of intangible assets. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

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 International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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. 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 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 audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of Andes Technology Corporation as of and for the years ended December 31, 2020 and 2019.

Kuo, Shao-Pin

Tu, Jia-Ling

Ernst & Young, Taiwan

March 2, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. 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 R.O.C.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the R.O.C., and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020	%	December 31, 2019	%
Current assets					
Cash and cash equivalents	4, 6(1)	526,682	37.54	\$ 471,874	33.95
Financial assets measured at amortized cost, current	4, 6(2)	180,000	12.83	325,500	23.42
Contract assets, current	4, 6(9), 6(10)	133,004	9.48	87,111	6.27
Trade receivables, net	4, 6(3), 6(10)	88,823	6.33	115,351	8.30
Trade receivables-related parties, net	4, 6(3), 6(10), 7	23,962	1.71	-	-
Other receivables		140	0.01	230	0.02
Inventories	4, 6(4)	1,999	0.14	1,608	0.11
Prepayments		22,491	1.60	26,331	1.89
Total current assets		<u>977,101</u>	<u>69.64</u>	<u>1,028,005</u>	<u>73.96</u>
Non-current assets					
Property, plant and equipment	4, 6(5)	22,793	1.62	25,583	1.84
Right-of-use assets	4, 6(11)	106,569	7.61	125,152	9.01
Intangible assets	4, 6(6)	290,441	20.70	205,043	14.75
Deferred tax assets	4, 6(15)	411	0.03	531	0.04
Refundable deposits		5,588	0.40	5,598	0.40
Total non-current assets		<u>425,802</u>	<u>30.36</u>	<u>361,907</u>	<u>26.04</u>
Total assets		<u>\$ 1,402,903</u>	<u>100.00</u>	<u>\$ 1,389,912</u>	<u>100.00</u>

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

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020	December 31, 2019	%	%
Current liabilities					
Contract liabilities, current		28,843	37,723	2.06	2.72
Trade payables	4, 6(9), 7	256	29	0.02	-
Other payables		63,469	48,423	4.52	3.48
Lease liabilities, current	4, 6(11)	17,083	17,465	1.22	1.26
Advance receipts		40	53	-	-
Other current liabilities		5,492	2,245	0.39	0.16
Total current liabilities		<u>115,183</u>	<u>105,938</u>	<u>8.21</u>	<u>7.62</u>
Non-current liabilities					
Lease liabilities, noncurrent	4, 6(11)	92,331	109,699	6.58	7.89
Total non-current liabilities		<u>92,331</u>	<u>109,699</u>	<u>6.58</u>	<u>7.89</u>
Total liabilities		<u>207,514</u>	<u>215,637</u>	<u>14.79</u>	<u>15.51</u>
Equity attributable to owners of the parent					
Capital					
Common stock	6(8)	426,509	426,509	30.40	30.69
Capital surplus	6(8)	728,972	728,972	51.96	52.45
Retained earnings	6(8)				
Legal reserve		5,392	3,790	0.39	0.27
Special reserve		1,019	1,105	0.07	0.08
Undistributed earnings		35,142	16,023	2.51	1.15
Total retained earnings		<u>41,553</u>	<u>20,918</u>	<u>2.97</u>	<u>1.50</u>
Other equity		<u>(1,645)</u>	<u>(2,124)</u>	<u>(0.12)</u>	<u>(0.15)</u>
Total equity		<u>1,195,389</u>	<u>1,174,275</u>	<u>85.21</u>	<u>84.49</u>
Total liabilities and equity		<u>\$ 1,402,903</u>	<u>\$ 1,389,912</u>	<u>100.00</u>	<u>100.00</u>

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

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2020	%	2019	%
Net sales	4, 6(9), 7	\$ 581,012	100.00	\$ 494,851	100.00
Operating costs	6(4)	(1,183)	(0.20)	(820)	(0.17)
Gross profit		579,829	99.80	494,031	99.83
Operating expenses	6(10), 6(11), 6(12), 7				
Selling expenses		(194,810)	(33.53)	(174,686)	(35.30)
Administrative expenses		(73,345)	(12.62)	(61,750)	(12.48)
Research and development expenses		(237,084)	(40.81)	(227,734)	(46.02)
Expected credit losses		(36,968)	(6.36)	(11,282)	(2.28)
Total operating expenses		(542,207)	(93.32)	(475,452)	(96.08)
Operating income		37,622	6.48	18,579	3.75
Non-operating income and expenses	6(13)				
Interest income		3,269	0.56	4,972	1.00
Other income		13,886	2.39	3,347	0.68
Other gains and losses		(14,045)	(2.42)	(6,821)	(1.37)
Finance costs		(2,042)	(0.35)	(2,232)	(0.45)
Total non-operating income and expenses		1,068	0.18	(734)	(0.14)
Net income before income tax		38,690	6.66	17,845	3.61
Income tax expense	4, 6(15)	(3,548)	(0.61)	(1,822)	(0.37)
Net income		35,142	6.05	16,023	3.24
Other comprehensive income	6(14), 6(15)				
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations		599	0.10	(1,274)	(0.26)
Income tax relating to those items to be reclassified to profit or loss		(120)	(0.02)	255	0.05
Other comprehensive income (loss), net of tax		479	0.08	(1,019)	(0.21)
Total comprehensive income		\$ 35,621	6.13	\$ 15,004	3.03
Net income attributable to :					
Owners of the parent		\$ 35,142		\$ 16,023	
Total comprehensive income attributable to :					
Owners of the parent		\$ 35,621		\$ 15,004	
Earnings per share (NTD)	6(16)				
Basic Earnings Per Share		\$ 0.82		\$ 0.38	
Diluted Earnings Per Share		\$ 0.82		\$ 0.38	

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

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent						Total equity
	Capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other equity	
Balance as of January 1, 2019	\$ 426,509	\$ 728,972	\$ 388	\$ 217	\$ 34,021	\$ (1,105)	\$ 1,189,002
Appropriation and distribution of 2018 retained earnings	-	-	3,402	-	(3,402)	-	-
Legal reserve	-	-	-	888	(888)	-	-
Special reserve	-	-	-	-	(29,731)	-	(29,731)
Cash dividends	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	16,023	-	16,023
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(1,019)	(1,019)
Total comprehensive income (loss)	-	-	-	-	16,023	(1,019)	15,004
Balance as of December 31, 2019	426,509	728,972	3,790	1,105	16,023	(2,124)	1,174,275
Appropriation and distribution of 2019 retained earnings	-	-	1,602	-	(1,602)	-	-
Legal reserve	-	-	-	-	(14,507)	-	(14,507)
Cash dividends	-	-	-	(86)	86	-	-
Reversal of special reserve	-	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	35,142	-	35,142
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	479	479
Total comprehensive income	-	-	-	-	35,142	479	35,621
Balance as of December 31, 2020	\$ 426,509	\$ 728,972	\$ 5,392	\$ 1,019	\$ 35,142	\$ (1,645)	\$ 1,195,389

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	2020	2019
Cash flows from operating activities :		
Net income before income tax	\$ 38,690	\$ 17,845
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	24,398	22,639
Amortization	77,464	45,927
Expected credit losses	36,968	11,282
Interest expense	2,042	2,232
Interest income	(3,269)	(4,972)
Losses on disposal of property, plant and equipment	-	240
Changes in operating assets and liabilities:		
Contract assets	(45,893)	(27,050)
Trade receivables	(9,139)	(72,888)
Trade receivables - related parties	(23,962)	2,580
Other receivables	43	721
Inventories	(391)	(697)
Prepayments	3,840	(10,577)
Contract liabilities	(8,880)	18,136
Trade payables	227	(1,079)
Other payables	15,046	22,402
Advance receipts	(13)	(1)
Other current liabilities	3,247	910
Cash generated from operating activities	110,418	27,650
Interest received	3,327	4,992
Income tax paid	(3,559)	(1,746)
Net cash provided by operating activities	110,186	30,896
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	(180,000)	(325,500)
Proceeds from disposal of financial assets measured at amortized cost	325,500	420,000
Acquisition of property, plant and equipment	(3,301)	(7,696)
Increase in refundable deposits	(79)	(181)
Decrease in refundable deposits	55	680
Acquisition of intangible assets	(162,862)	(125,687)
Net cash used in investing activities	(20,687)	(38,384)
Cash flows from financing activities :		
Cash payments for the principal portion of the lease liabilities	(17,520)	(17,842)
Cash dividends	(14,507)	(29,731)
Interest paid	(2,042)	-
Net cash used in financing activities	(34,069)	(47,573)
Effect of changes in exchange rate on cash and cash equivalents	(622)	(1,433)
Net increase (decrease) in cash and cash equivalents	54,808	(56,494)
Cash and cash equivalents at the beginning of the year	471,874	528,368
Cash and cash equivalents at the end of the year	\$ 526,682	\$ 471,874

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

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

Independent Auditors' Report Translated from Chinese

Independent Auditors' Report

To: Andes Technology Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Andes Technology Corporation (the "Company") as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Net sales recognized by the Company amounted to NT\$456,724 thousand for the year ended December 31, 2020. The Company provides embedded processor intellectual property (IP), and its revenues are mainly from licensing IP and providing IP maintenance services to clients. Considering that revenues from contracts with customers usually include more than one performance obligations, the Company recognizes revenues when the control of goods and services under each performance obligation has been transferred. However, contract terms may vary and there remains a risk of revenues being recorded in an inappropriate period because the control of the promised goods or services has not been transferred to the buyer. Therefore, we considered this a key audit matter.

Our audit procedures included (but not limited to) assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls over revenue recognition; selecting samples from the contracts with customers to review significant terms and conditions of contracts, identify separate performance obligations and their transaction prices, and further perform tests of details to verify the correctness of the amount and timing of revenue recognition.

We also assessed the adequacy of disclosures of operating revenues. Please refer to Note 4 and 6 to the parent company only financial statements.

An intangible asset arising from development costs

The Company devotes itself to developing and constructing a unique system architecture and contributes significant R&D efforts in development of embedded processor IPs and hardware/software developing platforms. Therefore, the Company determined to capitalize the expenditures during development phases of certain R&D projects. Net carrying value of intangible assets arising from development recognized by the Company was NT\$289,983 thousand as of December 31, 2020, NT\$162,379 thousand of which was recognized during the year. Both amounts are significant to the Company. In order to meet all of the capitalization criteria, the Company's management performed assessments on each individual project based on the internal and external information available, which involved management judgement and assumptions. Therefore, we considered this a key audit matter.

Our audit procedures included (but not limited to) evaluating and testing the design and operating effectiveness of internal controls over the internally generated intangible assets, including assessing whether the Company has established appropriate written accounting policies that address the required conditions and documentations for R&D expenditure capitalization; selecting samples from research and development projects of the year to gather evidence to support the technical feasibility, future economic benefits, the availability of future resources and expenditures needed, the management's intention to complete and the ability to sell the intangible asset; and verifying the accuracy of the expenditures attributable to the intangible asset during its development phase and the amount to be capitalized.

We also assessed the adequacy of disclosures of intangible assets. Please refer to Notes 5 and 6 to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 Company. 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 parent company only 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.

Kuo, Shao-Pin

Tu, Jia-Ling

Ernst & Young, Taiwan
March 2, 2021

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. 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 R.O.C.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the R.O.C., and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020		December 31, 2019	
		\$	%	\$	%
Current assets					
Cash and cash equivalents	4, 6(1)	443,555	32.18	413,898	30.48
Financial assets measured at amortized cost, current	4, 6(2)	180,000	13.06	325,500	23.97
Contract assets, current	4, 6(10), 6(11), 7	75,100	5.45	73,352	5.40
Trade receivables, net	4, 6(3), 6(11)	83,647	6.07	74,297	5.47
Trade receivables-related parties, net	4, 6(3), 6(11), 7	118,472	8.59	50,919	3.75
Other receivables		109	0.01	187	0.02
Inventories	4, 6(4)	1,999	0.15	1,608	0.12
Prepayments		21,570	1.56	17,770	1.31
Total current assets		924,452	67.07	957,531	70.52
Non-current assets					
Investments accounted for using the equity method	4, 6(5)	34,317	2.49	49,673	3.66
Property, plant and equipment	4, 6(6)	21,233	1.54	23,423	1.73
Right-of-use assets	4, 6(12)	102,840	7.46	116,949	8.61
Intangible assets	4, 6(7)	290,441	21.07	205,043	15.10
Deferred tax assets	4, 6(16)	411	0.03	531	0.04
Refundable deposits		4,692	0.34	4,668	0.34
Total non-current assets		453,934	32.93	400,287	29.48
Total assets		\$ 1,378,386	100.00	\$ 1,357,818	100.00

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

English Translation of Financial Statements Originally Issued in Chinese

ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020	%	December 31, 2019	%
Current liabilities					
Contract liabilities, current	4, 6(10), 7	\$ 22,822	1.66	22,814	1.68
Trade payables		256	0.02	29	-
Other payables	7	48,894	3.55	39,825	2.93
Lease liabilities, current	4, 6(12)	13,283	0.96	13,084	0.97
Advance receipts		40	-	53	-
Other current liabilities		5,492	0.40	2,245	0.17
Total current liabilities		<u>90,787</u>	<u>6.59</u>	<u>78,050</u>	<u>5.75</u>
Non-current liabilities					
Lease liabilities, noncurrent	4, 6(12)	92,210	6.69	105,493	7.77
Total non-current liabilities		<u>92,210</u>	<u>6.69</u>	<u>105,493</u>	<u>7.77</u>
Total liabilities		<u>182,997</u>	<u>13.28</u>	<u>183,543</u>	<u>13.52</u>
Equity attributable to owners of the parent					
Capital					
Common stock	6(9)	426,509	30.94	426,509	31.41
Capital surplus	6(9)	728,972	52.89	728,972	53.69
Retained earnings	6(9)	5,392	0.39	3,790	0.28
Legal reserve		1,019	0.07	1,105	0.08
Special reserve		35,142	2.55	16,023	1.18
Undistributed earnings		41,553	3.01	20,918	1.54
Total retained earnings		<u>(1,645)</u>	<u>(0.12)</u>	<u>(2,124)</u>	<u>(0.16)</u>
Other equity		1,195,389	86.72	1,174,275	86.48
Total equity		<u>\$ 1,378,386</u>	<u>100.00</u>	<u>\$ 1,357,818</u>	<u>100.00</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2020	%	2019	%
Net sales	4, 6(10), 7	\$ 456,724	100.00	\$ 405,872	100.00
Operating costs	6(4)	(1,183)	(0.26)	(820)	(0.20)
Gross profit		455,541	99.74	405,052	99.80
Operating expenses	6(11), 6(12), 6(13), 7				
Selling expenses		(96,721)	(21.18)	(97,665)	(24.06)
Administrative expenses		(66,367)	(14.53)	(59,928)	(14.77)
Research and development expenses		(202,248)	(44.28)	(181,333)	(44.68)
Expected credit losses		(8,177)	(1.79)	(6,830)	(1.68)
Total operating expenses		(373,513)	(81.78)	(345,756)	(85.19)
Operating income		82,028	17.96	59,296	14.61
Non-operating income and expenses	6(14)				
Interest income		3,148	0.69	4,831	1.19
Other income		13,771	3.01	2,048	0.50
Other gains and losses		(13,750)	(3.01)	(6,726)	(1.66)
Finance costs		(1,892)	(0.41)	(1,965)	(0.48)
Share of loss of subsidiaries, associates, and joint ventures accounted for using the equity method		(45,500)	(9.96)	(39,706)	(9.78)
Total non-operating income and expenses		(44,223)	(9.68)	(41,518)	(10.23)
Net Income before income tax		37,805	8.28	17,778	4.38
Income tax expense	4, 6(16)	(2,663)	(0.58)	(1,755)	(0.43)
Net income		35,142	7.70	16,023	3.95
Other comprehensive income	6(15), 6(16)				
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations		599	0.13	(1,274)	(0.31)
Income tax relating to those items to be reclassified to profit or loss		(120)	(0.03)	255	0.06
Other comprehensive income (loss), net of tax		479	0.10	(1,019)	(0.25)
Total comprehensive income		\$ 35,621	7.80	\$ 15,004	3.70
Earnings per share (NTD)	6(17)				
Basic Earnings Per Share		\$ 0.82		\$ 0.38	
Diluted Earnings Per Share		\$ 0.82		\$ 0.38	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

English Translation of Financial Statements Originally Issued in Chinese
ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent						Total equity
	Capital		Retained earnings			Other equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings		
Balance as of January 1, 2019	\$ 426,509	\$ 728,972	\$ 388	\$ 217	\$ 34,021	\$ (1,105)	\$ 1,189,002
Appropriation and distribution of 2018 retained earnings	-	-	3,402	-	(3,402)	-	-
Legal reserve	-	-	-	888	(888)	-	-
Special reserve	-	-	-	-	(29,731)	-	(29,731)
Cash dividends	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	16,023	-	16,023
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(1,019)	(1,019)
Total comprehensive income (loss)	-	-	-	-	16,023	(1,019)	15,004
Balance as of December 31, 2019	426,509	728,972	3,790	1,105	16,023	(2,124)	1,174,275
Appropriation and distribution of 2019 retained earnings	-	-	1,602	-	(1,602)	-	-
Legal reserve	-	-	-	-	(14,507)	-	(14,507)
Cash dividends	-	-	-	(86)	86	-	-
Reversal of special reserve	-	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	35,142	-	35,142
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	479	479
Total comprehensive income	-	-	-	-	35,142	479	35,621
Balance as of December 31, 2020	\$ 426,509	\$ 728,972	\$ 5,392	\$ 1,019	\$ 35,142	\$ (1,645)	\$ 1,195,389

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Amounts in thousands of New Taiwan Dollars)

Description	2020	2019
Cash flows from operating activities :		
Net income before income tax	\$ 37,805	\$ 17,778
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	19,461	17,730
Amortization	77,464	45,927
Expected credit losses	8,177	6,830
Interest expense	1,892	1,965
Interest income	(3,148)	(4,832)
Share of loss of subsidiaries, associates, and joint ventures accounted for using the equity method	45,500	39,706
Losses on disposal of property, plant and equipment	-	240
Changes in operating assets and liabilities:		
Contract assets	(1,748)	(17,909)
Trade receivables	(17,527)	(47,736)
Trade receivables - related parties	(67,553)	(31,990)
Other receivables	31	212
Inventories	(391)	(697)
Prepayments	(3,800)	(2,542)
Contract liabilities	8	4,381
Trade payables	227	(97)
Other payables	9,069	12,960
Advance receipts	(13)	(1)
Other current liabilities	3,247	910
Cash generated from operating activities	<u>108,701</u>	<u>42,835</u>
Interest received	3,206	4,852
Income tax paid	(2,674)	(1,679)
Net cash provided by operating activities	<u>109,233</u>	<u>46,008</u>
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	(180,000)	(325,500)
Proceeds from disposal of financial assets measured at amortized cost	325,500	420,000
Acquisition of investments accounted for using the equity method	(29,545)	(62,755)
Acquisition of property, plant and equipment	(3,162)	(6,522)
Increase in refundable deposits	(79)	-
Decrease in refundable deposits	55	680
Acquisition of intangible assets	(162,862)	(125,687)
Net cash used in investing activities	<u>(50,093)</u>	<u>(99,784)</u>
Cash flows from financing activities :		
Cash payments for the principal portion of the lease liabilities	(13,084)	(13,515)
Cash dividends	(14,507)	(29,731)
Interest paid	(1,892)	-
Net cash used in financing activities	<u>(29,483)</u>	<u>(43,246)</u>
Net increase (decrease) in cash and cash equivalents	29,657	(97,022)
Cash and cash equivalents at the beginning of the year	413,898	510,920
Cash and cash equivalents at the end of the year	<u>\$ 443,555</u>	<u>\$ 413,898</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Jyh-Ming Lin

Chief Financial Officer : Han-Chang Chou

Attachment 5 List of Director Candidates (including Independent Director Candidates)

**Andes Technology Corporation
List of Director Candidates
(Including Independent Director Candidates)**

Position	Candidates	Education Recognitions	Current Positions	Previous Positions
Director	Mediatek Capital Corp. Representative: Andrew Chang	Master Of Electrical Engineering, New York Polytechnic University , USA	Director, Andes Technology Corp. Independent Director, AOPEN Solutions Corp. Director, Mediatek Foundation Chairman, Maisense Inc.	Vice Chairman, Richtek Technology SVP, Mediatek Inc.
Director	National Development Fund Representative: Hermin Chieh	Ph.D. In Electrical Engineering, University Of Southern California	Director, Andes Technology Corp. Associate Professor, Department Of Electrical Engineering, National Chiao Tung University Asia Silicon Valley Development Agency (ASVDA) Chief Human Resources Officer	Assistant Professor, Department Of Electrical Engineering, National Chiao Tung University Assistant Professor, Department Of Communications Engineering, National Chiao Tung University Director, TWEMBA Member Of Digital Wireless Transmission Platform Supervision Group, Government Information Office, Executive Yuan Member Of Cable Broadcasting And Television Review Committee, NCC Member Of Cable Broadcasting And Television Review Committee, Government Information Office, Executive Yuan Member Of Digital Radio Review Committee, Government Information Office, Executive Yuan Member Of Radio Review Committee, Government Information Office, Executive Yuan
Director	Jyh-Ming Lin	MSEE, Portland State University, Oregon, USA.	Director, President & CEO, Andes Technology Corp. Chairman, Everest Peaks Technology Corporation. Chairman, Andes Technology (Samoa) Corporation. Chairman, Andes Technology (Wuhan) Corporation. Chairman, Andes Technology USA Corporation. Chairman, Andes Technology Shanghai Corporation.	President, Andes Technology Corp. VP Of Sales, Faraday Technology Corp. Business Manager, UMC
Director	Hong-Men Su	Ph.D. in Computer Science ,University of Illinois	Director, President & CTO, Andes Technology Corp. Director, Andes Technology (Wuhan) Corporation. Director, Andes Technology USA Corporation. Director & President, Andes Technology Shanghai Corporation.	CTO & Executive Vice President, Andes Technology Corp. Chief Architect, Faraday Technology Corp. Sr. Staff, Sun Microsystems Sr. Staff, Afara Websystems C-Cube Micro Director, Silicon Graphics Sr. Engineer, Intergraph Corp.

Position	Candidates	Education Recognitions	Current Positions	Previous Positions
Independent Director	Chien-Kuo Yang	Bachelor's Degree, Tamkang University Department Of International Trade.	Independent Director, Andes Technology Corp. Chairman/Partner, Diwan & Company Accounting Firm. Chairman, Diwan Management Advisory Services Co., Ltd. Independent Director, Leadtrend Technology Corporation Supervisor, Youngtek Electronics Corporation Chairman, Tien Da Investment Co.	Independent Director, Spirox Corp. Independent Director, M31 Technology Corporation
Independent Director	Tien-Fu Chen	PhD in Electrical and Computer Engineering, University of Washington	Independent Director, Andes Technology Corp. Professor, Department Of Computer Science, National Chiao Tung University	Deputy Director Of National Center For High-Performance Computing (NCHC) Professor, Department Of Computer Science And Information Engineering, National Chung Cheng University
Independent Director	Jiun-Hao Lai	Master Of Science In Electrical And Computer Engineering, University Of California, Santa Barbara	Independent Director, Silicon Optronics, Inc. Independent Director, Truelight Corporation Director, Giga Solution Corporation Director, Megachips Corp. Director, Wolley Inc. Member Of Remuneration Committee, Focaltech Systems Co., Ltd. Consultant, Global Unichip Corp.	General Manager, Global Unichip Corp.

**Attachment 6 The position and company name list of the candidate for the Directors
(including Independent Directors)**

Position	Name	Company name	Current positions
Juristic Person Director	National Development Fund	Taiwan Semiconductor Manufacturing Co., Ltd.	Corporate director
		Vanguard International Semiconductor Co.	Corporate director
		Infinity Communication Tech. Inc.	Corporate director
		Metanoia Communications Inc.	Corporate director
Juristic Person Director	MediaTek Capital Corp.	Chunghwa Precision Test Tech.Co., Ltd	Corporate director
		Mars Semiconductor Corp.	Corporate director
		Cyberon Corporation	Corporate director
		Chingis Technology Corporation	Corporate director
		Cmos-Crystal Technology Co., Limited	Corporate director
		Mediatek Research Corp.	Corporate director
		Innofusions Technology Corp.	Corporate director
		Faceheart Inc.	Corporate director
Representative of juristic person director	MediaTek Capital Corp. Representative: Andrew Chang	Aopen Solutions Corp.	Independent Director
		Mediatek Foundation	Director
		Maisense Inc	Chairman
Independent Director	Chien-Kuo Yang	Diwan & Company Accounting Firm	Chairman/Partner,
		Diwan Management Advisory Services Co., Ltd.	Chairman
		Leadtrend Technology Corporation	Independent Director
		Tien Da Investment Co	Chairman
Independent Director	Jiun-Hao Lai	Silicon Optronics, Inc.	Independent Director
		Truelight Corporation	Independent Director
		Giga Solution Corporation	Director
		Megachips Corp., Japan	Director
		Wolley Inc, USA	Director

Andes Technology Corporation
Regulation Governing the Issuance of Restricted Shares for Employee in 2021

1. Purpose of Issuing

In order to attract and retain the professional talents needed by the Company, encourage employees' will for long-term service and enhance employees' senses of belonging and productivity to generate the profit for the Company and shareholders collectively, this Regulations on the Issuing of New Restricted Shares for Employee was established in accordance with the related provisions in Paragraph 9, Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (hereinafter referred to as the "Offering and Issuance Criteria") promulgated by the Financial Supervisory Commission, Executive Yuan.

2. Issuing Period

It is conducted at once or several times, depending on the needs, within 1 year from the date of the effective notice issued by the competent authority. The actual date of issuance is to be set by the Chairman of the Board authorized by the Board of Directors.

3. Employee Qualification and the Number of Shares Awarded

(1) The distribution of new shares is limited to the employees of the Company and domestic and foreign subordinate Companies. The term "subordinate Companies" shall be defined under Articles 369-2 through 369-3, Articles 369-9 and 369-11 of the Company Act. The employees who would be given the shares and the number of the shares awarded will consider depend on factors such as the years of service, job level, work performance, overall contribution, special achievements or other needed to be referenced condition in management,. And the plan those factors will be set by the Chairman of the Board and submitted to the Board of Directors by a majority vote at a meeting attended by over two-thirds of the directors for approval; however, for those employees with managerial identity should first obtain the approval from the Remuneration Committee before submitting to Board of Directors.

(2) The cumulative number of shares subscribable through the employee stock options issued to a single employee in accordance with paragraph 1, Article 56-1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" plus the cumulative number of restricted new shares received by the same employee shall not exceed 0.3% of the Company's total number of issued shares; and the above in combination with the cumulative number of shares subscribable through employee stock options issued in accordance with paragraph 1, Article 56 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall not exceed 1% of the Company's total number of issued shares. However, with special approval from the central competent authority of the relevant industry, the application of the above-mentioned restriction of the ratio may be exempted. With respect to the recognition and calculation of the numbers of the above-mentioned shares shall be handled pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers and related provisions.

4. Total Number of New Shares

The total amount of the new restricted shares for employees is NT\$ 600,000. The par value for each share is NT\$10, issuing a total of 60,000 common shares.

5. Issuing Condition:

(1) Issuing Price: Each share is issued at NT\$0, that is, no cash value price is attached to the shares issued to the employees.

(2) Vesting Conditions:

I. The issuance of new restricted shares for employees shall be conducted in accordance with the following vesting conditions :

A. For those employees who are awarded the new restricted shares for employee being still at service after the expiration for the company or a subsidiary company of the following terms and achieving the performance criteria set by

the Company (performance requirement is set by the Board of Directors), the proportion of shares reaching the vesting conditions is as follows. For any the new restricted shares for employee who does not distributed but have not reached fulfill the vesting conditions, the Company will take back the shares without compensation to the employee and conduct cancellation to those shares.

Serving the expiration of one year: 33%

Serving the expiration of two years: 33%

Serving the expiration of three years: 34%

B. The company's operating objectives are based on revenue (Revenue) or earnings per share (EPS) as performance indicators. Achieving any performance indicator is deemed to have achieved the company's operating objectives; the determination of achieving the operating objectives is based on the annual consolidated financials verified by an accountant. The report forms the basis of calculation.

After the expiration of one year, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

After the expiration of two years, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

After the expiration of three years, revenue or earnings per share has grown by more than 10% (inclusive) over the previous year.

For any employee who does not fulfill the vesting conditions, the Company will take back the shares without compensation to the employee and cancel those shares.

II. If the employee, after receiving the new restricted shares from the Company, violates this Regulation, Trust Contract, or the Labor Contract of the Company or the subsidiaries of the Company, Non-disclosure Agreement, Corporate Governance Best-Practice Principles, Ethical Corporate Management Principles, Code of Ethical Conduct, Rules Governing Information Safety, Non-competition Agreement and Work Rules etc., the Company is entitled to take back the new restricted shares that had been issued to the employees but not yet fulfilled the vesting conditions without compensation to the employee and conduct cancellation to those shares.

(3) Type of Shares Issued: Common Shares of the Company

(4) For employees who do not meet the vesting conditions or there is an occurrence of inheritance on the restricted shares for employee, it should be handled by the following methods:

I. General Leave (voluntary/retirement/severance/expulsion):

In the event that the employee resigns from the position of the Company or the subsidiaries of the Company, except it is due to the job transfer according to Subparagraph 5 under this Paragraph which shall not be influenced by the transfer, the Company is entitled, pursuant to the law, to take back the new restricted shares that had been issued to the employee but not yet fulfilled the vesting conditions without compensation to the employee and conduct cancellation to those shares.

II. Leave of Absence:

In the event that the employee takes a leave of absence from the Company or the subsidiaries of the Company, the rights on the new restricted shares of which the vesting conditions are not fulfilled will be recovered from the date when the employee returns to the position. However, the conditions of vesting period shall be deferred according to the period of leave of absence. After the deferral is made according to the preceding provision, if the date on which the vesting conditions become fulfilled is not March 31, June 30, September 30 or December 31, the shares issuance date shall be adjusted later to the date on March 31, June 30, September 30 or December 31 (among the fore mentioned dates, the earliest one after the date which investing conditions become fulfilled shall be the shares issuance date). If such date is holiday, the issuance of shares shall be postponed to the earliest business day.

III. General Death:

For the new restricted shares issued to employees that have not yet fulfilled the vesting conditions, the Company is entitled, pursuant to the law, to take back the shares without compensation to the employee and conduct cancellation to those shares.

IV. Occupational hazards:

A. Those who are unable to continue serving the Company due to the physical disability caused by occupational hazards, their new restricted shares for employee that do not fulfill the vesting conditions will continue to fulfill the vesting condition according to the proportion schedule in Section (2) of this Article.

B. Those employees who died of occupational hazards, their new restricted shares for employee that do not fulfill the vesting conditions will be inherited by their inheritor from the date of the employee's death and continue to fulfill the vesting condition according to the proportion schedule in Section (2) of this Article.

V. Job Transfer:

If employees are transferred to affiliated companies or other companies (except subsidiaries), their new restricted shares for employee should be handled in accordance with the method stated in the First Paragraph, "General Leave", of this Section. However, if the employee is assigned to the affiliated companies or other companies by the Company, the new restricted shares for employee received shall not be affected by the transfer.

VI. Employees or their heirs should follow the trust agreement to claim their shares which have fulfilled the vesting conditions.

6. The restricted rights on the newly issued shares before fulfilling the vesting condition

(1) The new restricted shares for employee issued under this Regulation will be handed over to stock trust custody under the employees' names. After the employees receive the new shares and before the vesting conditions are fulfilled, the restricted rights are as follows:

a. After the employees receive the new shares and before the vesting conditions are fulfilled, besides inheritance, the employees shall not perform any other actions to these new restricted shares including selling, mortgaging, transferring, gifting, and pledging.

b. The attending, proposing, speaking, voting rights of shareholders' meeting are carried out by the entrusted organization according to the contract.

(2) Except the limits due to trust agreement mentioned in the previous Section, the new restricted shares for employee issued under this Regulation, before fulfilling the vesting conditions, shall have other rights, including but not limited to: dividends, bonus and allocation rights of capital surplus, stock options on cash capital increase and voting rights are all the same as the common stocks issued by the Company.

7. Procedure for receiving the new shares

(1) After the employees receive the new restricted shares for employee, and the Company posts the number of shares issued to the employees on the Company's shareholder list, the Company will deliver the newly issued common stock or the certificate of new shares rights via the account book transferring method. In addition, the shares will be handed to the Trust Custody during the vesting condition restricted period according to the trust agreement.

(2) The new restricted shares for employee are issued by the Company in accordance with this Regulation, and the Company will register the changes in accordance with relevant laws.

8. Other Important Matters

- (1) This Regulation has to be approved by at least one half of the member of the Board of Directors attending the meeting and the members of the Board of Directors attending the meeting must account for more than two third of the total members of the Board of Directors. If there is any amendment to this Regulation before issuing, the same procedure shall be followed. If during the reviewing process, there is a need to amend this Regulation under the request of the competent authority, the Chairman of the Board is authorized to amend this Regulation and it may only be issued after the subsequent ratification by the Board of Directors.
- (2) The taxes derived from receiving the new restricted shares for employee, shall be handled in accordance with the current laws and regulations of R.O.C.
- (3) Anything that is not stipulated in this Regulation shall be subject to the related provisions.

Appendix

Appendix 1 Andes Articles of Incorporation

Andes Technology Corporation

Article of Incorporation

(Translation)

Section I – General Provisions

Article 1

The Company shall be incorporated as a company limited by shares under the Company Act of the Republic of China, and its name shall be Andes Technology Corporation. (In the English language)

Article 2

The scope of business of the Corporation shall be as follows:

1. CC01080: Electronic parts and components manufacture.
2. I501010: Product design.
3. F401010: International trade business.
4. I301010: Information & software services.
5. I301020: Data processing services.
6. F601010: Intellectual property.
7. Research, design, development, manufacture, and selling of the following products:
 - I. RISC CPU for Embedded Processor SoC
 - i. Generic platform
 - ii. Network platform
 - iii. Multimedia platform
 - II. Integrated circuits (ICs)
 - i. Platform SoC including Andes CPU
 - ii. Other integrated circuits supporting Platform SoC

Article 3

The Company is headquartered in the Hsinchu Science-Based Industrial Park in Taiwan, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative or branch offices at various locations within or outside the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 4-1

The Company may invest to other companies based on business requirements and may invest to the resolution of the Board of Directors based on actual requirements. When the Company becomes a shareholder of limited liability of another company, the total amount of the company's investment will not be subject to the restriction of not more than 40% of the Company's paid-in capital as provided in Article 13 of the Company Act.

Article 4-2

The Company may provide endorsement and guarantee to other companies. The process shall be handled in accordance with the Company's Operating Procedures of Endorsement/Guarantee. Unless otherwise under any of the circumstances in Article 15 of the Company Act, the capital of a company shall not be lend to any shareholder of the company or any other person.

Section II – Capital Stock

Article 5

The total capital amount of the Company shall be in the amount of 700 Million New Taiwan Dollars (NT\$700,000,000), divided into 70 million (70,000,000) shares at NT\$10 par value each share, and may be issued in installments subject to the resolution of the Board of Directors. Within

the aforementioned capital, NT\$70,000,000 will be reserved for issuing stock options, and may be issued in installments in accordance with the resolution of the Board of Directors.

The company may issue stock options that are not subject to the exercise price restriction set out in Article 53 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The Company is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting. The Company is allowed to register multiple issues over a period of one year from the date of the shareholders resolution.

Where the Company proposes to transfer any treasury shares purchased in accordance with the laws, the transferees shall include the employees of subordinate companies that meet certain qualification(s).

Where the Company issues any employee stock options, the employees who are qualified to subscribe to such employee stock options shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any new shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any employee restricted shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

Article 6

The share certificates of the Company shall all be name-bearing share certificates. The Company may be exempted from printing share certificates if the shares are registered with a domestic securities depository enterprise.

Article 7

Registration for transfer of shares shall be suspended 60 days immediately before the date of annual general shareholders' meeting, and 30 days immediately before the date of any special Shareholders' meeting, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

The Company shall handle its stock affairs for shareholders in accordance with the Company Act, the Regulations Governing the Administration of Shareholder Services of Public Companies, relevant laws, rules and regulations.

Section III – Shareholders' Meeting

Shareholders' meeting can be divided into regular meetings and special meetings. Regular meetings are convened once a year and usually within six months of the end of each fiscal year. The regular meeting is convened by the Board of Directors according to the law. Special meetings may be convened according to the law when necessary. The procedure of convening Shareholders' Meetings shall be in accordance with the Company Act, relevant laws, rules and regulations of the Republic of China.

Article 9

Notices shall be sent to all shareholders for the convening of annual general shareholders meetings at least 30 days in advance for annual general shareholders meetings and at least 15 days in advance for special shareholders meetings. The meeting date, venue and the purpose(s) for convening such shareholders meeting shall be clearly stated in the meeting notices.

The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

Article 10

If a shareholder is unable to attend a shareholders meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with Article 177,

177-1 and 177-2 of the Company Act of the Republic of China, Article 25-1 of Securities and Exchange Act, and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 11

Each share is entitled to one voting right; except those shares for which the voting rights are restricted or excluded as stipulated in the Company Law, other laws and regulations. The company shall be classified the electronic means as one of the method for shareholders to exercise their voting rights. A shareholder who exercises his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person. Voting rights shall be conducted in accordance with the relevant laws and regulations.

Article 12

Except as otherwise provided by other laws or regulations, shareholders meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. At the shareholders meeting, except as otherwise provided in The Company Act and the Article of Incorporation, the details of which shall be handled in accordance with the Rules of Procedure for Shareholders Meetings.

Article 13

The shareholders' meeting shall be presided by the Chairman of the Board of Directors of the Company. In case the Chairman is on leave or otherwise cannot exercise his duty and authority for any reason, the Chairman shall appoint a director to act as his deputy; otherwise, the directors shall elect from among themselves a chairman to preside over the shareholders meeting. If a shareholders meeting is convened by a person other than the Board of Directors, the shareholders meeting shall be chaired by that convener. If there are two or more conveners for a shareholders meeting, one of them shall be elected to chair the meeting.

Article 14

The resolutions of the shareholders meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Shareholders shall be notified of the minutes within 20 days after the meeting. The production and distribution of the minutes may be done in electronic form. The minutes specified above shall be distributed in accordance with the provisions of the Company Act, relevant laws and regulations.

Article 15

To revoke public issuance after the Company publicly issuing stocks, the share certificates shall be approved by the resolution of a shareholders meeting, and apply to the competent authority. This Article shall remain unchanged during the period of Emerging Stock Board and publicly listing on TWSE or TPEX.

Section IV – Directors and Audit Committee

Article 16

The Company shall have at least five but no more than nine directors with the actual number to be determined by the Board. The term of office for directors shall be three years. The directors shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates nomination system, and be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. All of the directors are eligible for re-election.

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially as directors according to their respective numbers of votes.

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The independent directors shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates' nomination system. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, method of election, and other matters for compliance with respect to Independent Directors shall be governed by the relevant provisions of the Company Act and Securities and Exchange Act.

Article 17

The Board of Directors shall be formed by directors. The Directors shall elect from among themselves a Chairman of the Board of Directors, by a majority vote in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall be the chairman of shareholders' meetings, and shall have the authority to represent the Company.

Article 18

In case the Chairman of the Board of Directors is on leave or cannot exercise his powers, he may designate a proxy in accordance with Article 208 of the Company Law.

Article 19

Directors shall attend the Meeting of the Board of Directors. When a Director is unable to attend any Meeting of the

Board of Directors, he may appoint another Director to attend on his behalf by written authorization, but no Director may act as proxy for more than one Director.

Article 20

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless otherwise regulated by the Company Act. Directors may be notified of the Board of Directors meeting via written notices, as E-mail or fax. Except as otherwise provided in the Company Act of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting. Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the chairman of the meeting and the recorder. The minutes shall be distributed to each director within twenty (20) days after the meeting.

Article 20-1

Remuneration for directors of the Company shall be evaluated by the compensation committee according to their respective participation in operation and value of contribution, and the board of directors is authorized to determine their remuneration according to the general standard in the same industries and the Company's business operation.

Article 20-2

The Company shall form an Audit Committee, which is composed of all Independent Directors. Details including number of members, terms, responsibilities and rule of meeting shall be stipulated separately in the Organization Rules of Audit Committee in accordance with the rules in the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies".

Section V –Management of the Company

Article 21

The Company may appoint managers. Appointment and discharge and the remuneration of the managerial personnel shall be in accordance with Article 29 of the Company Law. The scope of duties and power of managers shall be authorized by the board of directors, and The Board of Directors may authorize the Chairman to determine.

Section VI – Financial Reports

Article 22

The Company's fiscal year shall be from January 1st of each year to December 31st of the same year. After the end of each fiscal year, in accordance with the Company Act, the following reports shall be prepared by the Board of Directors, , and such documents shall be submitted to the general shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements; and
3. The surplus earning distribution or loss off-setting proposals

Article 23

If there is any profit for a specific fiscal year, the Company shall allocate no less than 2% of the profit as employee's compensation and shall allocate at a maximum of 1% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance. Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be paid in cash.

Article 23-1

If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal. If the distribution proposal in form of new shares to be issued by the company should submit the same to the shareholders' meeting for review and approval by a resolution; If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.

The Company pursuant to the provisions of Paragraph Five, Article 240 hereof, authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. Or the company pursuant to the provisions of Paragraph One, Article 241 hereof, may distribute its legal reserve and the following capital reserve, in whole or in part, by cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as sustainable development, stable growth, the interest of the shareholders, and healthy financial structure as the goal. The board of directors shall make the distribution proposal according to funding needs. The dividends to shareholders shall be distributed at no lower than 2% of distributable earnings. If the Company decides to issue dividends, cash dividends shall not be lower than 10% of the total dividends.

Section VII –Supplementary Provisions

Article 24

For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act of the Republic of China.

Article 25

These Articles of Incorporation were enacted on February 21, 2005. The first amendment was made on March 30, 2005, the second amendment was made on October 7, 2005, the third amendment was made on January 18, 2006, the fourth amendment was made on April 24, 2007, the fifth amendment was made on June 21, 2012, the sixth amendment was made on October 28, 2014, the seventh amendment was made on June 17, 2016, the eighth amendment was made on June 18, 2019, and the ninth amendment was made on October 2, 2019.

Appendix 2 Andes Rules and Procedures of Shareholders' Meeting

Andes Technology Corporation

Rules and Procedures of Shareholders' Meeting

Amendment passed by First Extraordinary General Meeting in 2019 on October 2, 2019

Article 1 Unless otherwise provided for in applicable laws and regulation or this Company's Articles of Incorporation, the Company's Shareholders' Meeting Rules and Procedures shall comply with the following articles.

Article 2 Convening shareholders meetings and shareholders meeting notices

1. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
2. A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date.
A notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.
3. 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) within the specified period of time . 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.
4. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
5. Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application for the withdrawal of an IPO, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the

shareholders meeting. None of the above matters may be raised by an extraordinary motion.

6. A shareholder who holding 1 percent or more of the total number of issued shares may submit to the company a written proposal for discussion at a regular shareholders meeting. Such proposals however are limited to one item only, and who propose more than one item, will not be included in the meeting agenda. In addition, when the circumstances of any section about Article 172-1, paragraph 4 of the Company Act proposed by a shareholder, the board of director may exclude it from the agenda.
7. 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.
8. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
9. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 4 To appoint a proxy to attend a shareholders' meeting and authorization.

1. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
2. 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. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the Company, if the shareholder intends

to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 Preparation of documents such as the attendance book

1. The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
3. Shareholders and their proxies 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.
4. The company shall furnish the attending Shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. The company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 6 The chair and non-voting participants of a shareholders meeting

1. 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 directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve

as chair.

2. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
3. 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 a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
4. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 7 The shareholders meeting attendance calculation and conference.

1. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
3. 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.
4. 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 8 Discussion of proposals

1. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 9 Shareholder speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or

interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

5. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 10 Calculation of voting shares and recusal system

1. Voting at a shareholders meeting shall be calculated based the number of shares.
2. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
4. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 11 Voting, ballot examination and ballot count.

1. 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. The company shall be classified the electronic means as one of the method for shareholders to exercise their voting rights.
2. When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is

therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. 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. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
4. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
5. A proposal is deemed to have passed when no attending shareholders gave a dissent after being inquired by the chair, and the effect thereof is the same as a vote; if there are dissents, a vote in the preceding paragraph shall be adopted.
6. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
7. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
8. Vote counting for shareholders meeting proposals or elections shall be conducted

in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

9. The election of Directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company.

Article 12 Meeting minutes and acknowledgments

1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the company.
3. If shareholders do raise any objection, the resolution must specify the voting method adopted and the number and percentage of rights voted in favor.

Article 13 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 14 Public disclosure

1. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders meeting.
2. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 15 Maintaining order at the meeting venue

1. Staff handling administrative affairs of a shareholders meeting shall wear

identification cards or arm bands.

2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
3. At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
4. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 16 Recess and resumption of shareholders meeting

1. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
3. 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 17 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 3 Rules for Election of Directors

Andes Technology Corporation

Rules for Election of Directors

[English translation for reference only]

Article 1

Unless otherwise provided for in the Company Act, Securities and Exchange Act or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with the Rules specified herein.

Article 2

Election of Directors of the Company shall be held at the shareholders' meeting.

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3

In the election of Directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons.

Article 4

The number of directors will be as specified in this Corporation's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.

Article 5

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots have to be appointed from among the shareholders present

Article 6

The ballot box used for voting shall be prepared by the Company and be checked in public before voting by the person responsible for checking ballots.

Article 7

If the candidate is a shareholder of the Company, voters shall fill in the “candidate” column the candidate’s name and the candidate’s shareholder’s number. If the candidate is a government 54 agency or a legal entity, the full name of the government agency or the legal entity and the name(s) of their representative(s) shall be filled in the “candidate” column. If there are multiple representatives, these representatives’ names shall be filled in separately. If the candidate is not a shareholder of the Company, voters shall fill in the “candidate” column with the candidate’s name and the candidate’s ID number.

Article 8

Ballots shall be deemed void in either one of the following conditions:

- (1) Ballots not placed in the ballot box.
- (2) Ballots not prepared by the Company.
- (3) Blank ballots not completed by the voter.
- (4) If the candidate is a shareholder of the Company, the name or the shareholder’s number of the candidate filled in the ballot inconsistent with the shareholder’s register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect.
- (5) Ballots with other written characters or symbols in addition to candidate’s name, shareholder’s number (ID number) and the number of votes cast for the candidate.
- (6) Illegible writing or being erased or changed.
- (7) The name of the candidates filled in the ballots being the same as another candidate’s name and the respective shareholder’s numbers (ID numbers) not being indicated to distinguish them.

Article 9

The voting rights shall be calculated during the meeting immediately after the vote casting and the results of the election, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the Chairman at the meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 10

The Rules and any revision thereof shall become effective after approval at the shareholder’s meeting.

Appendix 4 Shareholdings of All Directors

Andes Technology Corporation Shareholdings of All Directors

1. The Company's total outstanding shares: 42,650,911
2. Total shareholdings of all Directors required by law: 3,600,000
3. As of March 27th, 2021, the cut-off date of this Shareholders' Meeting, the individual Directors and their aggregate shareholdings are listed below:

Title	Name	Date Elected	Shares	%
Chairman	MediaTek Capital Corp. Representative: Ming-Kai Tsai	2018. 6.21	5,657,324	13.26
Director	National Development Fund. Representative: Harming Chiueh	2018. 6.21	2,979,237	6.99
Director	Hotran Resource Development Ltd. Representative: Chun-Huei Ho	2018. 6.21	455,000	1.07
Director	Jyh-Ming Lin	2018. 6.21	538,493	1.26
Director	Hong-Men Su	2020.6.18	328,781	0.77
Director	Andrew Chang	2020.6.18	0	0
Independent Director	Chien-Kuo Yang	2018. 6.21	0	0
Independent Director	Tien-Fu Chen	2019.10. 2	0	0
Holding of all Directors			9,958,835	23.35