



Andes Technology Corporation

Handbook for the 2022 Annual Meeting of Shareholders

(Summary Translation)

Meeting Date: May 26th, 2022

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Andes Technology Corporation

Procedure for the 2022 Annual Meeting of Shareholders

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

Andes Technology Corporation

Agenda of Year 2022 Annual Meeting of Shareholders

Time: 10:00 a.m., May 26th, 2022 (Thursday)

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

Meeting type: Physical shareholders meeting

Agenda:

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report items
 - (1) 2021 business report
 - (2) Audit Committee's review report
 - (3) Report on 2021 employees' compensation and remuneration to directors
 - (4) Report on the 2021 cash dividend distribution
- IV. Acknowledgements
 - (1) Adoption of the 2021 business report and financial statements
 - (2) Adoption of the proposal for distribution of 2021 profits
- V. Proposed Resolutions
 - (1) Proposal for amendment to the Operational procedures for Acquisition and Disposal of Assets Extemporaneous Motions
- VI. Meeting Adjourned

I. Report Items

Report item (1)

Proposed by the Board of Directors

Subject: 2021 business report.

Descriptions: For 2021 business report is attached on P.7~P.8, Attachment 1.

Report item (2)

Proposed by the Board of Directors

Subject: Audit Committee's review report

Descriptions: 2021 Audit Committee's review report is attached on P.9, Attachment 2.

Report item (3)

Proposed by the Board of Directors

Subject: Report on 2021 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 2021 profit as follows: employees' compensation is NT\$12,985,000 and the remuneration to directors is NT\$1,836,000; both shall be paid in cash.

Report item (4)

Proposed by the Board of Directors

Subject: Report on the 2021 cash dividend distribution.

Descriptions:

Net income of 2021 was NT\$161,665,009. According to Article 23-1 of the Company's Articles of Incorporation, setting aside 10% legal serves NT\$16,166,501 and Special reserves NT\$1,200,588, the proposed Cash dividend to shareholders was NT\$144,297,920. 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 2021 business report and financial statements.

Descriptions:

- (1) 2021 financial statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by independent auditors Yu-Ni Yang and Jia-Lin Tu of Ernst & Young.
- (2) For the 2021 business report, independent auditors' report and the aforementioned financial statements, please refer to page 7-8, Attachment 1, page 10-20, Attachment 3, and page 21-31, Attachment 4.

Resolution:

Acknowledgement (2)

Proposed by the Board of Directors

Subject: Adoption of the proposal for distribution of 2021 profits.

Descriptions:

- (1) The proposal for distribution of 2021 profits has been approved by the 5th Meeting of the 7th Board of Directors and reviewed by Audit Committee. The Audit Committee's review report was issued accordingly.
- (2) Please refer to the 2021 profit distribution table below:

Descriptions	Amount (NTD)
Unappropriated retained earnings of previous years	\$ 0
Plus: Net income of 2021	161,665,009
Earnings available for distribution	161,665,009
Less: setting aside 10% legal serves	(16,166,501)
Less: setting aside special reserves	(1,200,588)
Distributable net profit	144,297,920
Shareholders' dividends – Cash (NT\$ 2.84887117per share)	(144,297,920)
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 50,650,911 shares as of March 8th, 2022.
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: Jyh-Ming Lin

President: Hong-Men Su

CFO: Han-Chang Cho

Resolution:

III. Proposed Resolutions

Proposal (1)

Proposed by the Board of Directors

Subject: Proposal for amendment to the Operational procedures for Acquisition and Disposal of Assets

Descriptions:

- (1) In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company's "Operational procedures for Acquisition and Disposal of Assets".
- (2) The comparison table illustrating the original and amended texts of the "Operational procedures for Acquisition and Disposal of Assets" is on P.32~P.36, Attachment 5.

Resolution:

IV. Extemporaneous Motions

V. Meeting Adjourned

Attachment

Andes Technology Corporation Business Report

Dear Shareholders:

In 2021, the COVID-19 pneumonia epidemic was still severe worldwide, and business trips were often inconvenient. Taiwan has been seriously affected by the epidemic for more than half a year and economic activities were extremely difficult. Despite these unfavorable factors existed, Andes Technology has maintained uninterrupted operation and R&D work by corresponding methods such as online promotion, online meetings, staff divided into groups and taking turns to work in the office, working from home when necessary. At the same time, sales colleagues had business trips which were strictly reviewed and cooperated with epidemic prevention and isolation after the trips. With these solutions, Andes has achieved good operating results and won various successes in 2021.

Business results in 2021

Financial status:

In 2021, Andes Technology's consolidated revenue was NT\$819,778 thousands, showing an increase of 41.09% from last year, and made a record high again. The licensing of CPU IP accounted for 60% of the total revenue, royalty revenues accounted for 29%, maintenance service and other income accounted for 8%, and CPU IP technical service revenue (custom computing) accounted for 3%. Royalty revenues continued to grow at a high rate.

The consolidated operating income was NT\$158,644 thousands, and the net profit for the whole year was NT\$161,665 thousands, and this is the fifth consecutive year that Andes is profitable. Earnings per share was a record high, NT\$3.59. The net cash inflows of NT\$3,478,058 thousands for the whole year was mainly from the growth of operating revenue and the fundraising from the issuance of Andes Global Depository Receipts (GDRs) in Luxembourg in September. The fundraising was NT\$3,520,000 thousands in total, and the shares of Andes has increased 8 million shares with the issued capital was NT\$506,509 thousands and the end cash balance was NT\$4,004,740 thousands.

In terms of budget execution, Andes Technology only set its internal budget targets in 2021, and did not disclose financial forecasts. Earnings per share hit record highs because of high revenue growth and profits reached new highs.

Sales and marketing status:

In 2021, the annual amount of Andes customers' mass-production SoC shipments containing Andes CPU IPs was more than 3 billion, of which 1% was RISC-V ISA SoCs, and most of the rest was AndeStar V3 ISA SoCs. The total cumulative shipments of SoCs has exceeded 10 billion. In terms of royalty income, this represents the beginning of an era of twin-engine drive for Andes. In terms of product promotion, the new customers' licensed products are mainly RISC-V based. Of the annual turnover, 64% has come from the licensing and custom computing business of RISC-V.

Research development status (IP core and technology):

In 2021, Andes Technology went to the next level in the RISC-V field, officially launched 32-bit and 64-bit multi-core RISC-V high-end microprocessors such as A45MP and AX45MP, and has made a number of improvements to the NX27V specifications, including the RVV instruction set has been upgraded to the latest version 1.0 to maintain the global leadership of this product. Andes Technology also produced more innovations in RISC-V's extended command tool ACE (Andes Custom Extension) COPILOT and artificial intelligence application neural network library (AI Neural Network Library), and integrated these products in Andes' RISC-V solutions, to improve the soundness of the product line.

Business plan summary in 2022

Management policy and future company development strategy:

Andes Technology continued its high growth development strategy. With the funds raised from the GDR issuance in 2021, Andes strengthened its design centers in Taiwan and North America, expanded the recruitment of talents, and invested in the research and development of several high-end CPU products and platforms. This year, in addition to the multi-core design plan to expand A45MP and AX45MP to eight cores, Andes plans to launch the first automotive RISC-V CPU IP which will be certified by ISO 26262 Functional Safety ASIL-B and officially enters the field of automotive electronics supply chain with qualification of the process certifications which has been certified of ISO 26262 standards for the automotive development in 2020 and nearly two years of research and development after the certifications.

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

Since Andes Technology went public in 2017, it has followed the relevant laws and regulations of listed companies, continued to promote corporate governance and improve information transparency. It also established an audit committee in 2020 to implement corporate governance. In the past two years, the Sino-US trade war has continued and expanded to the semiconductor field. Nvidia withdrew from the acquisition of SoftBank's Arm. Those showed that both international political and industry situations are under drastic changes. The Andes management team must be cautious, observe closely, pay attention to the development of the situation, and dynamically adjust the response strategies in order to reduce the negative impact and become a winner in the industry.

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: Jyh-Ming Lin

President: Hong-Men Su

CFO: Han-Chang Chou

Andes Technology Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 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 2022 Annual General Shareholders' Meeting

Andes Technology Corporation

Chairman of the Audit Committee: Chen-Kuo Yang

March 8th, 2022

Attachment 3 Independent Auditors' Report and Consolidated Financial Statements

English Translation of a Report Originally Issued in 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, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 2021 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\$819,778 thousand for the year ended December 31, 2021. 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\$379,631 thousand as of December 31, 2021, NT\$211,956 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 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 4, 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 2021 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, 2021 and 2020.

Yang, Yu-Ni

Tu, Jia-Ling

Ernst & Young, Taiwan
March 8, 2022

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.

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS		Notes	December 31, 2021	%	December 31, 2020	%
Current assets						
Cash and cash equivalents		4, 6(1)	\$ 4,004,740	79.63	\$ 526,682	37.54
Financial assets measured at amortized cost, current		4, 6(2)	180,000	3.58	180,000	12.83
Contract assets, current		4, 6(9), 6(10)	107,989	2.15	133,004	9.48
Trade receivables, net		4, 6(3), 6(10)	154,521	3.07	88,823	6.33
Trade receivables-related parties, net		4, 6(3), 6(10), 7	-	-	23,962	1.71
Other receivables			801	0.02	140	0.01
Inventories		4, 6(4)	1,135	0.02	1,999	0.14
Prepayments			45,814	0.91	22,491	1.60
Total current assets			4,495,000	89.38	977,101	69.64
Non-current assets						
Property, plant and equipment		4, 6(5)	24,531	0.49	22,793	1.62
Right-of-use assets		4, 6(11)	95,284	1.89	106,569	7.61
Intangible assets		4, 6(6)	380,110	7.56	290,441	20.70
Deferred tax assets		4, 6(15)	711	0.02	411	0.03
Refundable deposits			5,708	0.11	5,588	0.40
Other noncurrent assets - others			27,855	0.55	-	-
Total non-current assets			534,199	10.62	425,802	30.36
Total assets			\$ 5,029,199	100.00	\$ 1,402,903	100.00

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

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, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Contract liabilities, current		\$ 72,021	1.43	\$ 28,843	2.06
Trade payables	4, 6(9), 7	2,930	0.06	256	0.02
Other payables		80,142	1.59	63,469	4.52
Lease liabilities, current	4, 6(11)	13,961	0.28	17,083	1.22
Other current liabilities		6,081	0.12	5,532	0.39
Total current liabilities		175,135	3.48	115,183	8.21
Non-current liabilities					
Lease liabilities, noncurrent		82,755	1.65	92,331	6.58
Total non-current liabilities	4, 6(11)	82,755	1.65	92,331	6.58
Total liabilities		257,890	5.13	207,514	14.79
Equity attributable to owners of the parent					
Capital					
Common stock	6(8)	506,509	10.07	426,509	30.40
Capital surplus	6(8)	4,096,056	81.45	728,972	51.96
Retained earnings	6(8)				
Legal reserve		8,906	0.18	5,392	0.39
Special reserve		1,019	0.02	1,019	0.07
Undistributed earnings		161,665	3.21	35,142	2.51
Total retained earnings		171,590	3.41	41,553	2.97
Other equity		(2,846)	(0.06)	(1,645)	(0.12)
Total equity		4,771,309	94.87	1,195,389	85.21
Total liabilities and equity		\$ 5,029,199	100.00	\$ 1,402,903	100.00

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020

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

Description	Notes	2021	%	2020	%
Net sales	4, 6(9), 7	\$ 819,778	100.00	\$ 581,012	100.00
Operating costs	6(4)	(1,471)	(0.18)	(1,183)	(0.20)
Gross profit		818,307	99.82	579,829	99.80
Operating expenses	6(10), 6(11), 6(12), 7				
Selling expenses		(230,775)	(28.15)	(194,810)	(33.53)
Administrative expenses		(85,034)	(10.37)	(73,345)	(12.62)
Research and development expenses		(343,835)	(41.94)	(237,084)	(40.81)
Expected credit gains (losses)		1	-	(36,968)	(6.36)
Total operating expenses		(659,643)	(80.46)	(542,207)	(93.32)
Operating income		158,664	19.36	37,622	6.48
Non-operating income and expenses	6(13)				
Interest income		4,233	0.52	3,269	0.56
Other income		19,516	2.38	13,886	2.39
Other gains and losses		(3,495)	(0.43)	(14,045)	(2.42)
Finance costs		(1,783)	(0.22)	(2,042)	(0.35)
Total non-operating income and expenses		18,471	2.25	1,068	0.18
Net income before income tax		177,135	21.61	38,690	6.66
Income tax expense	4, 6(15)	(15,470)	(1.89)	(3,548)	(0.61)
Net income		161,665	19.72	35,142	6.05
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		(1,501)	(0.18)	599	0.10
Income tax relating to those items to be reclassified to profit or loss		300	0.04	(120)	(0.02)
Other comprehensive (loss) income, net of tax		(1,201)	(0.14)	479	0.08
Total comprehensive income		\$ 160,464	19.58	\$ 35,621	6.13
Net income attributable to :					
Owners of the parent		\$ 161,665		\$ 35,142	
Total comprehensive income attributable to :					
Owners of the parent		\$ 160,464		\$ 35,621	
Earnings per share (NTD)	6(16)				
Basic Earnings Per Share		\$ 3.59		\$ 0.82	
Diluted Earnings Per Share		\$ 3.59		\$ 0.82	

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	2021	2020
Cash flows from operating activities :		
Net income before income tax	\$ 177,135	\$ 38,690
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	25,056	24,398
Amortization	122,607	77,464
Expected credit losses	(1)	36,968
Interest expense	1,783	2,042
Interest income	(4,233)	(3,269)
Changes in operating assets and liabilities:		
Contract assets	25,015	(45,893)
Trade receivables	(65,146)	(9,139)
Trade receivables - related parties	23,962	(23,962)
Other receivables	(77)	43
Inventories	864	(391)
Prepayments	(23,323)	3,840
Other noncurrent assets	(24,066)	-
Contract liabilities	43,178	(8,880)
Trade payables	2,674	227
Other payables	17,147	15,046
Other current liabilities	549	3,234
Cash generated from operating activities	323,124	110,418
Interest received	3,852	3,327
Income tax paid	(15,673)	(3,559)
Net cash provided by operating activities	311,303	110,186
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	(180,000)	(180,000)
Proceeds from disposal of financial assets measured at amortized cost	180,000	325,500
Acquisition of property, plant and equipment	(9,088)	(3,301)
Increase in refundable deposits	(260)	(79)
Decrease in refundable deposits	119	55
Acquisition of intangible assets	(212,276)	(162,862)
Increase in other noncurrent assets	(3,789)	-
Net cash used in investing activities	(225,294)	(20,687)
Cash flows from financing activities :		
Issuance of common stock for cash	3,447,084	-
Cash payments for the principal portion of the lease liabilities	(19,625)	(17,520)
Cash dividends	(31,628)	(14,507)
Interest paid	(1,783)	(2,042)
Net cash provided by (used in) financing activities	3,394,048	(34,069)
Effect of changes in exchange rate on cash and cash equivalents	(1,999)	(622)
Net increase in cash and cash equivalents	3,478,058	54,808
Cash and cash equivalents at the beginning of the year	526,682	471,874
Cash and cash equivalents at the end of the year	\$ 4,004,740	\$ 526,682

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

English Translation of a Report Originally Issued in 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, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 2021 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\$611,738 thousand for the year ended December 31, 2021. 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\$379,631 thousand as of December 31, 2021, NT\$211,956 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 4, 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 2021 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.

Yang, Yu-Ni

Tu, Jia-Ling

Ernst & Young, Taiwan
March 8, 2022

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, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS		December 31, 2021		December 31, 2020	
	Notes		%		%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 3,828,580	76.77	\$ 443,555	32.18
Financial assets measured at amortized cost, current	4, 6(2)	180,000	3.61	180,000	13.06
Contract assets, current	4, 6(10), 6(11), 7	59,584	1.19	75,100	5.45
Trade receivables, net	4, 6(3), 6(11)	114,831	2.30	83,647	6.07
Trade receivables-related parties, net	4, 6(3), 6(11), 7	106,000	2.13	118,472	8.59
Other receivables		693	0.01	109	0.01
Inventories	4, 6(4)	1,135	0.02	1,999	0.15
Prepayments		41,400	0.83	21,570	1.56
Total current assets		<u>4,332,223</u>	<u>86.86</u>	<u>924,452</u>	<u>67.07</u>
Non-current assets					
Investments accounted for using the equity method	4, 6(5)	128,302	2.57	34,317	2.49
Property, plant and equipment	4, 6(6)	22,932	0.46	21,233	1.54
Right-of-use assets	4, 6(12)	90,515	1.81	102,840	7.46
Intangible assets	4, 6(7)	380,110	7.62	290,441	21.07
Deferred tax assets	4, 6(16)	711	0.02	411	0.03
Refundable deposits		4,700	0.10	4,692	0.34
Other noncurrent assets - others		27,861	0.56	-	-
Total non-current assets		<u>655,131</u>	<u>13.14</u>	<u>453,934</u>	<u>32.93</u>
Total assets		<u>\$ 4,987,354</u>	<u>100.00</u>	<u>\$ 1,378,386</u>	<u>100.00</u>

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

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, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Contract liabilities, current	4, 6(10), 7	\$ 54,224	1.09	\$ 22,822	1.66
Trade payables		112	-	256	0.02
Other payables	7	63,713	1.28	48,894	3.55
Lease liabilities, current	4, 6(12)	12,042	0.24	13,283	0.96
Other current liabilities		6,081	0.12	5,532	0.40
Total current liabilities		136,172	2.73	90,787	6.59
Non-current liabilities					
Lease liabilities, noncurrent	4, 6(12)	79,873	1.60	92,210	6.69
Total non-current liabilities		79,873	1.60	92,210	6.69
Total liabilities		216,045	4.33	182,997	13.28
Equity attributable to owners of the parent					
Capital					
Common stock	6(9)	506,509	10.16	426,509	30.94
Capital surplus	6(9)	4,096,056	82.13	728,972	52.89
Retained earnings	6(9)				
Legal reserve		8,906	0.18	5,392	0.39
Special reserve		1,019	0.02	1,019	0.07
Undistributed earnings		161,665	3.24	35,142	2.55
Total retained earnings		171,590	3.44	41,553	3.01
Other equity		(2,846)	(0.06)	(1,645)	(0.12)
Total equity		4,771,309	95.67	1,195,389	86.72
Total liabilities and equity		\$ 4,987,354	100.00	\$ 1,378,386	100.00

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2021	%	2020	%
Net sales	4, 6(10), 7	\$ 661,738	100.00	\$ 456,724	100.00
Operating costs	6(4)	(1,471)	(0.22)	(1,183)	(0.26)
Gross profit		660,267	99.78	455,541	99.74
Operating expenses	6(11), 6(12), 6(13), 7				
Selling expenses		(109,942)	(16.62)	(96,721)	(21.18)
Administrative expenses		(80,660)	(12.19)	(66,367)	(14.53)
Research and development expenses		(347,339)	(52.49)	(202,248)	(44.28)
Expected credit losses		(402)	(0.06)	(8,177)	(1.79)
Total operating expenses		(538,343)	(81.36)	(373,513)	(81.78)
Operating income		121,924	18.42	82,028	17.96
Non-operating income and expenses	6(14)				
Interest income		4,025	0.61	3,148	0.69
Other income		9,185	1.39	13,771	3.01
Other gains and losses		(1,700)	(0.26)	(13,750)	(3.01)
Finance costs		(1,881)	(0.25)	(1,892)	(0.41)
Share of loss of subsidiaries, associates, and joint ventures accounted for using the equity method		38,926	5.88	(45,500)	(9.96)
Total non-operating income and expenses		48,755	7.37	(44,223)	(9.68)
Net income before income tax		170,679	25.79	37,805	8.28
Income tax expense	4, 6(16)	(9,014)	(1.36)	(2,663)	(0.58)
Net income		161,665	24.43	35,142	7.70
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		(1,501)	(0.23)	599	0.13
Income tax relating to those items to be reclassified to profit or loss		300	0.05	(120)	(0.03)
Other comprehensive (loss) income, net of tax		(1,201)	(0.18)	479	0.10
Total comprehensive income		\$ 160,464	24.25	\$ 35,621	7.80
Earnings per share (NTD)	6(17)				
Basic Earnings Per Share		\$ 3.59		\$ 0.82	
Diluted Earnings Per Share		\$ 3.59		\$ 0.82	

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

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, 2021 and 2020

(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	Exchange differences resulting from translating the financial statements of foreign operations	
Balance as of January 1, 2020	\$ 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
Balance as of January 1, 2021	426,509	728,972	5,392	1,019	35,142	(1,645)	1,195,389
Appropriation and distribution of 2020 retained earnings	-	-	3,514	-	(3,514)	-	-
Legal reserve	-	-	-	-	(31,628)	-	(31,628)
Cash dividends	-	-	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	161,665	-	161,665
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(1,201)	(1,201)
Total comprehensive income (loss)	-	-	-	-	161,665	(1,201)	160,464
Issuance of common stock for cash	80,000	3,367,084	-	-	-	-	3,447,084
Balance as of December 31, 2021	\$ 506,509	\$ 4,096,056	\$ 8,906	\$ 1,019	\$ 161,665	\$ (2,846)	\$ 4,771,309

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

ANDES TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars)

Description	2021	2020
Cash flows from operating activities :		
Net income before income tax	\$ 170,679	\$ 37,805
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	20,422	19,461
Amortization	122,607	77,464
Expected credit losses	402	8,177
Interest expense	1,681	1,892
Interest income	(4,025)	(3,148)
Share of loss of subsidiaries, associates, and joint ventures accounted for using the equity method	(38,926)	45,500
Changes in operating assets and liabilities:		
Contract assets	15,516	(1,748)
Trade receivables	(31,586)	(17,527)
Trade receivables - related parties	12,472	(67,553)
Other receivables	-	31
Inventories	864	(391)
Prepayments	(19,830)	(3,800)
Other noncurrent assets - others	(24,072)	-
Contract liabilities	31,402	8
Trade payables	(144)	227
Other payables	15,293	9,069
Other current liabilities	549	3,234
Cash generated from operating activities	273,304	108,701
Interest received	3,644	3,206
Income tax paid	(9,217)	(2,674)
Net cash provided by operating activities	267,731	109,233
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	180,000	(180,000)
Proceeds from disposal of financial assets measured at amortized cost	(180,000)	325,500
Acquisition of investments accounted for using the equity method	(56,560)	(29,545)
Acquisition of property, plant and equipment	(8,489)	(3,162)
Increase in refundable deposits	(13)	(79)
Decrease in refundable deposits	5	55
Acquisition of intangible assets	(212,276)	(162,862)
Increase in other noncurrent assets	(3,789)	-
Net cash used in investing activities	(281,122)	(50,093)
Cash flows from financing activities :		
Issuance of common stock for cash	3,447,084	-
Cash payments for the principal portion of the lease liabilities	(15,359)	(13,084)
Cash dividends	(31,628)	(14,507)
Interest paid	(1,681)	(1,892)
Net cash provided by (used in) financing activities	3,398,416	(29,483)
Net increase in cash and cash equivalents	3,385,025	29,657
Cash and cash equivalents at the beginning of the year	443,555	413,898
Cash and cash equivalents at the end of the year	\$ 3,828,580	\$ 443,555

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

Chairman : Jyh-Ming Lin

President : Hong-Meng Su

Chief Financial Officer : Han-Chang Chou

**Attachment 5 Comparison Table Illustrating the Original and Amended Text of the
“Operational procedures for Acquisition and Disposal of Assets”**

**Comparison Table Illustrating the Original and Amended Text of the
“Operational procedures for Acquisition and Disposal of Assets”**

Amended version	Original version	Explanation
<p>Article V.</p> <p>In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets held for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. (OMITTED) II.(OMITTED) III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (OMITTED)</p>	<p>Article V.</p> <p>In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets held for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. (OMITTED) II.(OMITTED) III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as the “ARDF”) of the Republic of China and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (OMITTED)</p>	<p>The revisions to this article are proposed in accordance with applicable laws and regulations.</p>
<p>Article VI.</p> <p>The Company shall, while acquiring or disposing of securities, prior to the date of occurrence of the event, obtain financial statements of the target company of the most recent period,</p>	<p>Article VI.</p> <p>The Company shall, while acquiring or disposing of securities, prior to the date of occurrence of the event, obtain financial statements of the target company of the most recent period,</p>	<p>The revisions to this article are proposed in accordance with applicable laws and</p>

Amended version	Original version	Explanation
<p>certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally retain a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the rationality of the transaction price. If the certified public accountant needs to use the report of an expert as evidence. This requirement, nevertheless, does not apply to publicly quoted prices of negotiable securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission, Executive Yuan.</p> <p>(OMITTED)</p>	<p>certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally retain a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the rationality of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, <u>the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement, nevertheless, does not apply to publicly quoted prices of negotiable securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission, Executive Yuan.</p> <p>(OMITTED)</p>	<p>regulations.</p>
<p>Article VII.</p> <p>Where the Company acquires or disposes intangible assets, right-of-use assets or membership certificates of membership certificates or intangible assets and the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall retain a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>(OMITTED)</p>	<p>Article VII.</p> <p>Where the Company acquires or disposes intangible assets, right-of-use assets or membership certificates of membership certificates or intangible assets and the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall retain a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>(OMITTED)</p>	<p>The revisions to this article are proposed in accordance with applicable laws and regulations.</p>
<p>Article IX.</p> <p>Where appraisal reports, or expert opinions from a certified public accountant, Attorney-at-Law or securities underwriter are obtained, such profitable appraiser and the appraisal personnel thereof, certified</p>	<p>Article IX.</p> <p>Where appraisal reports, or expert opinions from a certified public accountant, Attorney-at-Law or securities underwriter are obtained, such profitable appraiser and the appraisal personnel thereof, certified</p>	<p>The revisions to this article are proposed in accordance with applicable laws and regulations.</p>

Amended version	Original version	Explanation
<p>public accountant, Attorney-at-Law or securities underwriter shall meet the following requirements:</p> <p>I~III. (OMITTED)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the industry associations to which they belong and with the following provisions</u>:</p> <p>I. (OMITTED)</p> <p>II. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> and accurate, and that they have complied with applicable laws and regulations.</p>	<p>public accountant, Attorney-at-Law or securities underwriter shall meet the following requirements:</p> <p>I~III. (OMITTED)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>following</u>:</p> <p>I. (OMITTED)</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and</u> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable</u> and accurate, and that they have complied with applicable laws and regulations.</p>	
<p>Article XI.</p> <p>Where the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or where it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities</p>	<p>Article XI.</p> <p>Where the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or where it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities</p>	<p>The revisions to this article are proposed in accordance with applicable laws and regulations.</p>

Amended version	Original version	Explanation
<p>investment trust enterprises, the Company shall proceed to enter into a transaction contract or make a payment until the following matters have first been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution:</p> <p>I~VII. (OMITTED)</p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Paragraph II, Article XXVII herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders meeting or Board of Directors</u> need not be counted toward the transaction amount.</p> <p>(OMITTED)</p>	<p>investment trust enterprises, the Company shall proceed to enter into a transaction contract or make a payment until the following matters have first been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution:</p> <p>I~VII. (OMITTED)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Paragraph II, Article XXVII herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount.</p> <p>(OMITTED)</p>	
<p>Article XXVII.</p> <p>Where any of the following circumstances exists, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the competent authority in an appropriate format as prescribed within two (2) days counting inclusively from the date of occurrence of the event:</p> <p>I~V. (OMITTED)</p> <p>VI. Where an asset transaction other</p>	<p>Article XXVII.</p> <p>Where any of the following circumstances exists, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the competent authority in an appropriate format as prescribed within two (2) days counting inclusively from the date of occurrence of the event:</p> <p>I~V. (OMITTED)</p> <p>VI. Where an asset transaction other</p>	<p>The revisions to this article are proposed in accordance with applicable laws and regulations.</p>

Amended version	Original version	Explanation
<p>than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that, this shall not apply to the following circumstances:</p> <p>(I) <u>Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(OMITTED)</p>	<p>than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that, this shall not apply to the following circumstances:</p> <p>(I) <u>Buys and sales</u> of domestic government bonds.</p> <p>(OMITTED)</p>	
<p>Article XXXII.</p> <p>These Procedures were officially resolved in the shareholders' meeting convened on October 28, 2014 and were duly amended on June 22, 2017 as the 1st amendment, on June 21, 2018 as the 2nd amendment, on June 18, 2019 as the 3rd amendment, <u>on October 2, 2019 as the 4th amendment, and on May 26, 2022 as the 5th amendment.</u></p>	<p>Article XXXII.</p> <p>These Procedures were officially resolved in the shareholders' meeting convened on October 28, 2014 and were duly amended on June 22, 2017 as the 1st amendment, on June 21, 2018 as the 2nd amendment, on June 18, 2019 as the 3rd amendment <u>and</u> on October 2, 2019 as the 4th amendment.</p>	<p>Proposed revisions to reflect the amendment date of these articles.</p>

Appendix

Appendix 1 Andes Rules and Procedures of Shareholders' Meeting

Andes Technology Corporation Rules and Procedures of Shareholders' Meeting

The Procedures were passed in the Annual Shareholders' Meeting dated June 18, 2020.

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, ,permit on Directors for participation in competitive business, capitalization of profits, capital surplus transferred to capital, 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 specified and elaborated 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. Major contents of the meeting shall be posted on website of the agency in charge of securities or website as appointed by the Corporation. The URL of such a website shall be listed on the notice of meeting.
6. The cause(s) of subject(s) of the shareholders 'meeting has stated the full re-election of directors and the date of appointment, the same meeting may not change its appointment date by extemporary motion or other means after the re-election of the shareholders' meeting is completed.
7. 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. Unless there are reasonable grounds subject to requirements of laws and regulations, a shareholder's proposal proposed for urging the company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be

discussed at a regular meeting of shareholders by the board of direct. 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.

8. 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.
9. 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.
10. 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 related agenda (including extemporaneous motions and ordinary resolutions), shall be resolved by voting each. 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 within sufficient voting period..

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 should exercise voting rights by electronic means, and may allow the shareholders to exercise voting rights by correspondence 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 2 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.

Andes Technology Corporation

Operational Procedures for the Acquisition or Disposal of Assets

Chapter One General Provisions

- Article I. These are duly enacted in accordance with the "Securities and Exchange Act" and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the like. The Company shall acquire or dispose of assets exactly in accordance with these Procedures unless otherwise specified in laws and ordinances concerned which shall prevail, if any.
- Article II. The scope which the assets apply is as enumerated below:
- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities
 - II. Real property (including land, houses and buildings, and investment property) and equipment.
 - III. Membership certificates.
 - IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - V. Right-of-use assets.
 - VI. Creditor's right claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - VII. Derivative financial instruments
 - VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - IX. Significant assets in other attributes.
- Article III. Definition of terminology:
- I. Derivative instruments: Such assets as forward contracts, options contracts, futures contracts, leverage guarantee contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" herein excludes insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 - II. Such assets acquired or disposed of through mergers, demergers, acquisitions, or acceptance of transfer of shares in accordance with law: Such term refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, the Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 3, Article 156 of the Company Act.
 - III. Related parties, subsidiaries: To be duly defined in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - IV. Professional appraiser: This term refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property

or equipment.

- V. Date of occurrence of the fact: This term refers to the date of contract signing, date of payment, date of consigned trade, date of transfer, dates of boards of directors resolutions, or other date that confirms the counterpart and monetary amount of the transaction, whichever date comes earlier; provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: This refers to investments in the mainland China area as approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- VIII. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Chapter Two Handling procedures

Section One. Stipulation of the handling procedures

Article IV. Operational Procedures for the Acquisition or Disposal of Assets

I. Scope of the assets: As detailed under Article II.

II. Prices in acquisition or disposal of assets shall be duly determined in the manners with the referential grounds as enumerated below:

- (I) In acquisition or disposal of long-term and short-term negotiable securities, the Company shall take into account the net worth per share, prices prevalent in the markets, profitability, potential of future development, interest rate in the markets, face interest rates of the bonds as well as overall circumstances.
- (II) In acquisition or disposal of assets other than those as enumerated in the preceding Paragraph, the Company shall take into reference the publicly announced current values, transaction prices of neighboring real estate to determine the right prices through inquiry, price competition, price negotiation bargaining process or open tenders etc. Where a case proves consistent with these Procedures that call for public announcement and filing, the Company shall take reference to the appraisal report(s) issued by a professional appraiser(s).

III. Operational procedures:

The department in charge shall conduct an appraisal toward the targets for acquisition or disposal, transaction counterparts, causes of transaction, prices of transactions, transaction conditions and referential grounds for prices. In the event that the requirements set forth under these Procedures and internal control system, the heads in various levels of the departments concerned shall put into implementation hierarchical responsibility rule hierarchical structure of responsibilities. In a single case with a transaction amount in excess of NT\$200 million, that transaction case shall be subject to retrospective acknowledgement by the Board of Directors.

- IV. The procedures for public announcement and filing shall be duly handled in accordance with Chapter Three and the provisions to make information public.
- V. For the aggregate total amount of negotiable securities as the assets obtained by the Company and its subsidiaries as defined under Paragraph I, Article II, degree of authority delegated is as enumerated below:
 - (I) In case of long-term equity investment oriented to purposes of business, the transaction calls for approval from the chairman, or, in a case in excess of NT\$200 million in amount, calls for approval from the Board of Directors.
 - (II) In case of investment in other long-term and short-term negotiable securities toward a same investment target in accumulated amount below NT\$200 million within a fiscal year, the transaction calls for approval from the chairman as authorized, or, in a case in excess of NT\$200 million in amount, calls for approval from the Board of Directors.
 - (III) Where a subsidiary acquires or disposes of real estate, right-of-use assets or negotiable securities not oriented to business use or the individual securities, the degree of authority delegated and amount are same as those for the Company itself.
- VI. Where a subsidiary intends to engage in the acquisition or disposal of assets, the Company shall urge that subsidiary to duly stipulate the Operational Procedures for the Acquisition or Disposal of Assets and comply with all in implementation.
- VII. Other significant issues:

Where the Company engages in related party transaction, derivative financial instrument transaction or proceeds with merger, demerger, acquisition, or transfer of another company's shares, other than compliance with the provisions set forth under the preceding Paragraph, the Company shall further duly stipulate the Operational Procedures in accordance with Sections Three ~ Five of this Chapter. If the company does not intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the article XXXI and the preceding paragraph before doing so.

Section Two. Acquisition or disposal of assets

Article V. In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets held for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- I. Where, due to an extraordinary reason, the Company is necessary to give a limited price, specified price, or extraordinary price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the

appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as the “ARDF”) of the Republic of China and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(I) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

(II) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

IV. No more than three(3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.

Article VI. The Company shall, while acquiring or disposing of securities, prior to the date of occurrence of the event, obtain financial statements of the target company of the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally retain a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the rationality of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement, nevertheless, does not apply to publicly quoted prices of negotiable securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission, Executive Yuan.

Article VII. Where the Company acquires or disposes intangible assets, right-of-use assets or membership certificates of membership certificates or intangible assets and the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall retain a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph 2, Article 27 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.

Article VIII. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be accepted instead of the appraisal report or certified public accountant opinion.

I. Article IX. Where appraisal reports, or expert opinions from a certified public accountant, Attorney-at-Law or securities underwriter are obtained, such profitable appraiser and the appraisal personnel thereof, certified public accountant, Attorney-at-Law or securities underwriter shall meet the following requirements: May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act,

the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Section Three. Transactions with related parties

Article X. Where the Company acquires or disposes of assets from a related party, except acquisition of real estate through purchase or swap, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the preceding Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article VII herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article XI. Where the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or where it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall proceed to enter into a transaction contract or make a payment until the following matters have first been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.

- III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the rationality of the preliminary transaction terms in accordance with Article XII and Article XIII.
- IV. The date and price at which the related party acquired the real property previously, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- V. The monthly cash flow forecasts for the year ahead commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and rationality of the funds utilization.
- VI. An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding Article.
- VII. The restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Paragraph II, Article XXVII herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

In cases of the types of transactions listed below to business operation by and between the Company and its parent company or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may authorize the chairman to go ahead beforehand within the specified limit before reporting the transaction to the most recent board of directors meeting for respective acknowledgement:

- I. I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. II. Acquisition or disposal of real property right-of-use assets held for business use.

Article XII. The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the rationality of the transaction costs by the following means:

- I. Pursuant to the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided that, it shall not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as collateral for a loan; provided that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. This shall not apply, nevertheless, where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property target purchased or leased in one transaction, the transaction costs for the land and the structures shall be separately appraised in accordance with either of the means listed in the preceding paragraph.

Where the company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also further turn to the certified

public accountant for a recheck and for concrete opinions. Where one of the following circumstances exists, the case shall be conducted in accordance with the preceding article and the preceding three paragraphs shall not apply:

- I. Where related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. Where more than five (5) years has elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof.
- III. Where the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- IV. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article XIII. Where the results of the Company's appraisal conducted in accordance with Paragraphs I and II of the preceding Article are uniformly lower than the transaction price, the case shall be handled in compliance with Article XIV. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it shall submit proof of compliance with one of the following conditions:
 - (I) Where the undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three (3) years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (II) The transactions by unrelated parties within the preceding year involving other floor levels of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- II. Where the Company acquiring real PROPERTY OR obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the past one year.

The term "completed transactions involving neighboring or closely valued parcels of land" in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article XIV. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are both lower than the transaction price, the following steps shall be conducted:

- I. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and shall not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside *pro rata* in a proportion consistent with the share of the Company's equity stake.
- II. The independent director of audit committee members shall duly comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and the investment prospectus.

The Company that has set aside a special reserve under the preceding Paragraph shall not utilize the special reserve until it has recognized a loss on decline in the market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the *status quo ante* has been restored, or there is other evidence proving that there was nothing irrational about the transaction, and the competent authority has granted its consent.

Where the Company obtains real property from a related party, it shall also comply with the two preceding Paragraphs if there is other evidence indicating that the acquisition was not a transaction pursuant to regular practices.

Section Four. Transactions in derivative financial instruments

Article XV. The Company shall engage in derivative financial instrument trading in the categories as defined under Article III of these Operational Procedures. The Company in principle does not acquire or dispose of creditor's rights of a financial institution. In the event that the Company intends to transact creditor's rights of a financial institution subsequently hereafter, the Company shall first report to its Board of Directors for approval before stipulating the evaluation and operational procedures.

The Company, while engaging in derivatives trading, shall pay strict attention to control of the following important risk management:

- I. Operational and hedging strategies: The Company engages in transaction in derivative financial instruments only in an attempt to reduce operational risks and exchange risks. Under no circumstances shall the Company engage in speculative transactions. In hedging transactions, the Company shall check and make sure that the transaction should be consistent with the supply and demand deriving from the receivable (payable) foreign currencies beforehand.
 1. The Company aims at only well reputed financial institutions as the counterparties for transactions.
 2. The Company primarily operates in the open foreign exchange markets provided by banks.
 3. The Company shall, primarily, choose financial instruments of high liquidity (e.g., forward foreign exchange). The transaction counterparties (financial institutions) shall be the ones with adequate information and capability of transaction at the relevant markets all the time.

- II. Aggregate total of contract amounts: Transaction in foreign exchange hedging shall be consistent with the requirements of the Company's business operation in principle with the aggregate total in the transaction not in excess of 20% of the Company's net worth and the duration of a transaction contract shall not be longer than the maximum limit of six (6) months.
- III. Maximum limit in stop-loss:
 - 1. The maximum loss in a contract of an individual hedging target is 10% of the contract value.
 - 2. The maximum loss in all contracts 10% of the aggregate total contract value.
- IV. Degree of authority delegated: In a case of foreign exchange hedging operation engaged by the Company, it may be approved by the chairman if the transaction amount or accumulated outstanding transaction is below US\$3 million and shall be approved by the Board of Directors is beyond US\$3 million.
- V. Operational procedures:
 - 1. The Department of Finance shall, in response to the substantial supply and demand in foreign currencies, choose financial institutions of better capabilities to draft the amounts of transactions and submit them to the chairman for approval before execution of the agreement of the transaction amounts and, in turn, proceed with the transaction of derivative financial instruments within the limit set forth under the agreement(s).
 - 2. The personnel in charge of transaction in derivative financial instruments shall, on the grounds of the details of the aggregated details of the foreign currency positions, study and judge based on the trends of exchange rates and proceed with the hedging operation as necessary.
 - 3. For the transaction prices closed by and between the transaction personnel and a financial institution, the transaction memo shall be duly filled in, with the duplicate copies of the transaction memos to be submitted to the Department of Finance which shall, in turn, assign special personnel and check and verify the contents of the substantial transactions based on the duplicate copies of the transaction memos and then submit the same to the Finance Supervisor for recheck.
 - 4. Where transactions of all items are completed in confirmation process, the Company shall inform the settlement personnel to proceed with the subsequent settlement affairs.
 - 5. For transactions in derivative financial instruments, the Company shall prepare for memorandum books that shall expressly bear the categories, amounts of the transactions in derivative financial instruments, date when the Board of Directors resolves the transactions and matters of evaluation conducted under these Procedures in very detail.
- VI. Division of powers and responsibilities:
 - 1. The personnel in charge of transactions (by the Finance Supervisor): Such personnel shall, based on the net position of foreign currencies, submit the strategy for future operations on a monthly basis and shall, after the strategy is approved by the chairman, duly operate based on the approves strategy. In case of a significant change in the financial markets where the established operational strategy is no longer applicable, such personnel shall work out and submit evaluation reports and work out the operational strategy anew to be approved by the chairman to function as the very

grounds for transaction.

2. Delivery personnel (To be served by financial personnel) : To take charge of the subsequent delivery issues after the transaction is completed.
3. Confirmation personnel (To be served by accounting personnel):
 - (1) Such personnel shall assume the responsibility to analyze all positions and profit and/or loss and report to the General Manager.
 - (2) Such personnel shall check and make sure whether all transactions have been handled exactly in accordance with the established strategies.
 - (3) Such personnel shall proceed with accounting handling pursuant to the letters and decrees of the competent authority(ies).
 - (4) The Board of Directors shall designate the ranking heads beyond the Department of Finance or such heads assuming no responsibility for the risk affairs with measurement, superintendence and control over the risks concerned.

VII. The very essentials of performance evaluation:

1. In hedging transactions, the Company shall conduct the transaction based on the exchange rate costs on book of the Company, and the profit and/or loss incurred with the transactions in derivative financial instruments as the very ground for evaluation.
2. To assure adequate domination and expression of the evaluation risks in the transaction, the Company evaluates the profit and/or loss through appraisal on a monthly basis.
3. The Department of Finance shall provide the evaluation of the foreign exchange positions and the foreign exchange market trends into analyses as handy reference to the management.

Article XVI. While engaging in transactions in derivative financial instruments, the Company shall adopt the following measures in risk control:

I. Management over the operational risks:

1. The Company shall faithfully comply with the degree of authority delegated to prevent potential risks in credit, prices in markets, liquidity, cash flow, operation and legal risks.
2. The personnel in charge of transactions in derivative financial instruments, confirmation and delivery shall not serve such posts concurrently among themselves.
3. In terms of measurement of risks, the personnel in charge of superintendence and control shall come from departments differing from the personnel mentioned in the preceding Paragraph and shall report to the Board of Directors or the senior management who assumes no responsibility of transaction or position policymaking process.
4. The transactions in derivative financial instruments, in case of hedging transaction conducted in response to the business need, shall be evaluated biweekly while other transactions shall be evaluated weekly. The evaluation reports so worked out shall be submitted to the senior executives.

- II. The contracts to be executed as linked up with transactions shall be checked and verified beforehand to prevent a potential impairment that might occur subsequently hereafter.

- III. The hands-on operation personnel shall be those equipped with integrated and correct expertise about the financial instruments and shall request that the banks should put potential risks into adequate disclosure to prevent a potential impairment as a result of misuse of financial instruments.
- IV. Management over cash flow risks: To assure stable turnover of working capital, the funds shall come from such sources only as private own funds. The forecast without any potential shortage in the future revenues and expenditures in cash shall be the very premise of consideration.

Article XVII. Where the Company engages in transactions in derivative financial instruments, the Board of Directors shall assure sound superintendence and management based on the principles as enumerated below:

- I. The designated ranking management shall closely watch the superintendence and control over potential risks of transactions in derivative financial instruments.
- II. The management shall, on a regular basis, evaluate whether the transactions in derivative financial instruments are in the performance level satisfactory to the established managerial strategies and whether the potential risks are within the scope tolerable to the Company.

The senior management delegated by the Board of Directors shall engage in derivative financial instruments based on the principles as enumerated below:

- I. Such senior management shall evaluate, on a regular basis, whether the risk control measures are appropriate enough, and whether the measures have been implemented exactly in accordance with these Procedures.
- II. In superintendence over the transaction and the profit and/or loss, whenever an abnormality is noticed, the senior management shall adopt countermeasures as appropriate and shall report to the Board of Directors forthwith. The Board of Directors shall contain the independent director (s) who shall speak opinions.

Where the subject issues are handled through the personnel duly delegated as mentioned above, the report shall be submitted to the Board of Directors into the most recent board meeting.

Article XVIII. Audit control

- I. The internal auditors shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, the internal auditors shall keep all supervisors and independent directors informed in writing.
- II. The contents of audit or test by the internal auditors shall include the policies to engage in derivative financial instruments, limits in transactions, transaction procedures, evaluation process and risk control. The internal auditors shall, in particular, look into and review transactions deviating from the market prices, volume of abnormal transactions, extraordinary transaction beyond the routine transaction hours and beyond the business premises. If any material violation is discovered, all audit committee members shall be notified in writing.

Section Five. Merger, demerger, acquisition, or transfer of another company's shares by enterprises

Article XIX. Where the Company conducts a merger, demerger, acquisition, or acceptance of transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the rationality of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and

submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on rationality issued by an expert may be exempted in a case of a merger by the Company's subsidiary in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article XX. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph I of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided that, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Article XXI. Unless otherwise specified in laws and ordinances concerned or consented by the competent authority in an extraordinary circumstance, all companies participating in a merger, demerger, or acquisition shall convene the board of directors meetings and shareholders' meetings on the same day to resolve decisions regarding merger, demerger, acquisition issues. Unless otherwise specified in laws and ordinances concerned or an extraordinary event with consent obtained from the Financial Supervisory Commission, Executive Yuan in response to a prior report, all companies participating in transfer of shares shall convene the board of directors meeting on the same day.

Article XXII. The Company shall work out the information and data as enumerated below in writing in an integrated manners and shall archive them ready for check for five (5) years.

- I. Fundamental identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the retaining of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The Company shall duly declare the information and data mentioned in the preceding Paragraph in the specified format through the Internet system to the competent authority for information within two (2) days from the date on which the Board of Directors resolves the decision.

Where a single company participating merger, demerger, acquisition, or transfer of another company's shares is not a public company, the Company shall execute an agreement with such company and duly handle the issue in accordance with the two preceding Paragraphs, and the provisions of Article XXI, Article XXIII.

Article XXIII. All personnel participating in a merger, demerger, acquisition, or transfer of another company's shares shall issue commitment to confidentiality obligations for no divulgence of the contents of the plan externally until such information is made public, nor shall they engage in merger, demerger, acquisition, or transfer of shares or equity attributed negotiable securities of any relevant companies in their own names or in the name of another.

- Article XXIV. The Company shall not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall further stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - II. An act, such as a disposal of major assets, that affects the Company's financial or business operations.
 - III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stocks.
 - V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - VI. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.
- Article XXV. The contract shall expressly record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following particulars:
- I. Handling of breach of contract, if any.
 - II. Principles for the handling of equity-attributed securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - IV. The manner of handling changes in the number of participating entities or companies.
 - V. Preliminary progress schedule for plan execution, and date for anticipated completion of the plan.
 - VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures thereof.
- Article XXVI. After public disclosure of the information concerned, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Chapter Three Disclosure of information to public

- Article XXVII. Where any of the following circumstances exists, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the competent authority in an appropriate format as

prescribed within two (2) days counting inclusively from the date of occurrence of the event:

- I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided that, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. An act to engage in merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the maximum limits on aggregate losses or losses on individual contracts set out in the procedures.
- IV. An event where the equipment or right-of-use assets oriented to business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount is up to NT\$500 million or more.
- V. A case of acquisition by the Company in the construction business to build by means where the land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction into allocation of housing units, joint construction and allocation of ownership percentages, on its own land into divided sales and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided that, this shall not apply to the following circumstances:
 - (I) Buys and sales of domestic government bonds.
 - (II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions set forth under the preceding Paragraph shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same negotiable securities within the preceding year.

The term "within the preceding year" as used in the preceding paragraph denotes the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures are no longer required to be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries

that are not listed domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority not later than the 10th day of each month. The provisions governing subsidiaries as set forth under the preceding Paragraph with the standards/criteria to promulgate and declare such transactions up to 20% of the paid-in capital or 10% of the total assets shall refer to the paid-in capital or total assets of the Company itself.

Where the Company at the time of public announcement makes an error or omission in an item required by these Procedures to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within two (2) days counting inclusively from the date of knowing of such error or omission.

Article XXVIII. Where any of the following circumstances occurs with respect to a transaction that a public After the Company has already publicly announced and reported the transaction in accordance with the preceding Article, where any of the following circumstances occurs with respect to a transaction, a public report of relevant information shall be made on the information reporting website designated by the competent authority within two (2) days counting inclusively from the date of occurrence of the event:

- I. Occurrence of a change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed as scheduled in the contract.
- III. A change to the originally publicly announced and reported information.

Chapter Four Supplementary provisions

Article XXIX. The personnel in charge of acquisition or disposal of assets who prove in contravention of these Procedures or the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall be subject to penalty in accordance with the Company's Work Rules.

Article XXX. The Company after acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the Company for a minimum of five (5) years except where another act provides otherwise.

Article XXXI. These Procedures shall be put into implementation after being approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution and the shareholders' meeting. This same provision is applicable *mutatis mutandis* to an event of amendment.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Where a director objects as backed with a record or a written declaration, the data of such objection by that director shall be submitted to audit committee.

The Company shall take the opinions from the independent directors into adequate consideration. An opinion in objection or a reserved opinion by an independent director, if any, shall be expressly remarked in the minutes of the board of directors meeting.

Article XXXII. These Procedures were officially resolved in the shareholders' meeting convened on October 28, 2014 and were duly amended on June 22, 2017 as the 1st AMENDMENT, on June 21, 2018 as the 2nd amendment, on June 18, 2019 as the 3rd amendment and on October 2, 2019 as the 4th amendment.

Appendix 4 Shareholdings of All Directors

Andes Technology Corporation Shareholdings of All Directors

1. The Company's total outstanding shares: 50,650,911
2. Total shareholdings of all Directors required by law: 4,052,072
3. As of March 28th, 2022, the cut-off date of this Shareholders' Meeting, the individual Directors and their aggregate shareholdings are listed below:

Title	Name	Date Elected	Shares	%
Chairman	Jyh-Ming Lin	2021.07.07	538,493	1.06
Director	Hong-Men Su	2021.07.07	319,781	0.63
Director	MediaTek Capital Corp. Representative: Andrew Chang	2021.07.07	5,657,324	11.17
Director	National Development Fund. Representative: Herming Chiueh	2021.07.07	2,979,237	5.88
Independent Director	Chien-Kuo Yang	2021.07.07	0	0
Independent Director	Tien-Fu Chen	2021.07.07	0	0
Independent Director	Jiun-Hao Lai	2021.07.07	0	0
Holding of all Directors			9,494,835	18.74