

Stock Code: 2395

ADVANTECH

Enabling an Intelligent Planet

Advantech Co.,Ltd.

Annual General Shareholders Meeting for 2022

Meeting Handbook

May 26 , 2022

Advantech Co., Ltd.

Procedure for the 2022 General Shareholders' Meeting

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Acknowledgement Items
5. Discussion Items
6. Other Business and Special Motions
7. Adjournment

I. Agenda of Annual Meeting

Advantech Co., Ltd. Agenda of 2022 General Shareholders' Meeting

Meeting type: Video-conferencing assisted shareholders meeting
(physical shareholders meeting supported by video conferencing)

Time: 9:00 a.m. on May 26 (Tuesday), 2022

Place: (Neihu Headquarters) B1, No. 1, Line 20, Lane 26, Rueiguang Road, Neihu District, Taipei City

Webcast provided : <https://www.stockvote.com.tw>

- 1. Call the Meeting to Order**
- 2. Chairperson Remarks**
- 3. Report Items**
 - (1) The 2021 Business Report
 - (2) The Audit Committee's Review Report on the 2021 Financial Statements
 - (3) Status reports of the Cash dividends for Distribution of 2021 Profits
 - (4) 2021 Employees' and Directors' Remuneration Proposal
 - (5) The Status of Endorsement and Guarantee in 2021
 - (6) Report on the Status of Shares-release of the Company's subsidiary LNC Technology Co., Ltd.(LNC) in 2021
- 4. Acknowledgement Items**
 - (1) Adoption of the 2021 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2021 Profits
- 5. Discussion Items**
 - (1) Amendment to the Company's "Articles of Incorporation".
 - (2) Approve of amendment to the "Procedures For Acquisition or Disposal of Assets".
 - (3) Approve of amendment to the "Rules and Procedures of Shareholders' Meeting".
- 6. Other Business and Special Motions**
- 7. Adjournment**

1. Report Items

Report No. 1

Cause of action : The 2021 Business Reports.

Explanation : The 2021 Business Report is attached as Attachment I.

Report No. 2

Cause of action : The Audit Committee's Review Report on the 2021 Financial Statements.

Explanation : The 2021 Audit Committee's Review Report is attached as Attachment II.

Report No. 3

Cause of action : Status reports of the Cash dividends for Distribution of 2021 Profits.

Explanation :

1. The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision to the shareholders meeting in accordance with Article 20-2 of the Articles of Incorporation.
2. Cash dividends amounting to NT\$6,195,710,488 were distributed to shareholders at NT\$8 per share. The distribution of cash dividend is calculated to the dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 will be booked as the other income or other expense of the company.
3. The current distribution of earnings is scheduled before the dividend benchmark date. If there is any change in the yield rate as a result of any change in the company's outstanding shares, a request is to be made having the Chairman authorized to handle matters related to the changes.

Report No. 4

Cause of action : 2021 Employees' and Directors' Remuneration Proposal.

Explanation :

1. Pursuant to Article 20 of the company's Articles of Incorporation, in consideration of the company's overall business operations and the payment standard of the industry, it is recommended to appropriate an amount of NT\$600,000,000 as bonus to employees and NT\$13,600,000 as remuneration to directors paid in cash from the net income of 2021.
2. There is no difference between the amount approved by the Board of Directors and the amount recognized as an expense in 2021.
3. The proposal has passed in the Remuneration Committee meeting.

Report No. 5

Cause of action : The Status of Endorsement and Guarantee in 2021.

Explanation :

1. In compliance with the company's "Procedure for Making of Endorsements and Guarantees".
2. The company issued a letter of guarantee to endorse and guarantee the subsidiaries' purchase of materials and short-term bank loan in response to the subsidiary's business operation. The balance of endorsement and guarantee amounted to NT\$2,988,004 thousand as of December 31,

2021, representing 38.58% of the company's paid-in capital.

3. Please review the statement of endorsement and guaranteed amount enclosed.

Guarantor (Company)	Subsidiary of the guaranteed company	Category	Amount (original currency ___K)	NTD (NTD___K)	Remarks
Advantech (ACL)	Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	short-term bank loan	USD20,000	\$553,600	Under the limit (Note2)
Advantech (ACL)	Advantech Europe B.V. (AEU)	short-term bank loan	USD10,000	276,800	Under the limit (Note2)
Advantech (ACL)	Advantech Corporation.	short-term bank loan	USD10,000	276,800	Under the limit (Note2)
Advantech (ACL)	Advantech Automation Corporation (AAC BVI)	short-term bank loan	USD10,000	276,800	Under the limit (Note2)
Advantech (ACL)	Advantech Corporate Investment	short-term bank loan	USD10,000	276,800	Under the limit (Note2)
Advantech (ACL)	Advantech Japan Co.,LTD.(AJP)	short-term bank loan	JPY1,500,000	361,500	Under the limit (Note2)
Advantech (ACL)	Advantech Technologies Japan Corp. (ATJ)	short-term bank loan	JPY1,000,000	241,000	Under the limit (Note2)
Advantech (ACL)	Advantech Technology (China)Company Ltd. (AKMC)	short-term bank loan	USD6,000	166,080	Under the limit (Note2)
Advantech (ACL)	Advantech Service-IoT Co.,Ltd	short-term bank loan	USD5,000	138,400	Under the limit (Note2)
Advantech (ACL)	Advantech Service-IoT Co., Ltd. Taiwan Branch	short-term bank loan	USD500	13,840	Under the limit (Note2)
Advantech (ACL)	Advantech Brasil Ltda. (ABR)	short-term bank loan	USD1,500	41,520	Under the limit (Note2)
Advantech (ACL)	Advantech Service-IoT GMBH	short-term bank loan	EUR1,000	31,320	Under the limit (Note2)
Advantech (ACL)	Advantech Vietnam Technology company Limited.(AVN)	short-term bank loan	USD1,000	27,680	Under the limit (Note2)
Advantech (ACL)	Advantech Technology Limited Liability Company	short-term bank loan	USD1,000	27,680	Under the limit (Note2)
Advantech (ACL)	Cermate Technologies Inc. (Cermate)	short-term bank loan	USD1,000	27,680	Under the limit (Note2)

Guarantor (Company)	Subsidiary of the guaranteed company	Category	Amount (original currency ___K)	NTD (NTD___K)	Remarks
Advantech (ACL)	Shenzhen Cermate Technologies Inc.	short-term bank loan	USD1,000	27,680	Under the limit (Note2)
Advantech (ACL)	Advantech Czech s.r.o.	short-term bank loan	USD500	13,840	Under the limit (Note2)
Advantech (ACL)	Advantech Turkey Teknoloji AnoniM Sirketi (ATR)	short-term bank loan	USD500	13,840	Under the limit (Note2)
Advantech (ACL)	Advanixs Corporation.	short-term bank loan	USD500	13,840	Under the limit (Note2)
Advantech (ACL)	Advantech Australia Pty Limited.(AAU)	short-term bank loan	USD200	5,536	Under the limit (Note2)
Advantech (ACL)	Advantech Intelligent Services Co., Ltd. (AiCs)	short-term bank loan	USD3,000	83,040	Under the limit (Note2)
Advantech (ACL)	Advantech Intelligent Health Co., Ltd.	short-term bank loan	USD3,000	83,040	Under the limit (Note2)
Advantech (ACL)	Advantech KR Co., Ltd. (AKR)	short-term bank loan	USD50	1,384	Under the limit (Note2)
Advantech (ACL)	ACI IOT Investment Fund-I Corporation.	short-term bank loan	USD200	5,536	Under the limit (Note2)
Advantech (ACL)	Advantech Co.Malaysia SDN BHD	short-term bank loan	USD100	2,768	Under the limit (Note2)
Total				\$2,988,004	Under the limit (Note1)

Note: The amount of limit is calculated in accordance with the company's Rules for Making of Endorsements and Guarantees:

- (1) Maximum endorsement and guarantee amounted to NT\$11,355,758 thousand.
- (2) Maximum endorsement and guarantee for one single enterprise amounted to NT\$3,785,253 thousand.
- (3) The amount of limit referred to above is calculated in accordance with the net value NT\$37,852,527 thousand stated in the 2021 audited financial statements.

Report No. 6

Cause of action : Report on the Status of Shares-release of the Company's subsidiary LNC Technology Co., Ltd. (LNC) in 2021.

Explanation : In response to the IPO of the Company's subsidiary, LNC Technology Co., Ltd., the Company planned on the stock flotation of 3,300 thousand shares at NT\$28/share first to all shareholders of Advantech Co., Ltd. in 2021. As of December 31, 2021, The Company's interest in LNC Technology Co., Ltd. decreased to 48.1% from 59.1%.

2. Acknowledgement Items

Acknowledgement 1:

(Proposed by the Board of Directors)

Cause of action : Adoption of the 2021 Business Report and Financial Statements.

Explanation : 1. The 2021 business report and standalone financial statements. (including consolidated financial statements) were composed by the Board of Directors. The company's financial statements were audited by independent auditors, Liang, Hua-Ling and Lin, Yi-Fan, of Pricewaterhouse Coopers Taiwan and were reviewed by the supervisor along with the business report with a written audit report issued.
2. The Business Report, independent auditor's report, and Financial Statements are enclosed as Attachment I and Attachment III.

Resolution :

Acknowledgement 2:

(Proposed by the Board of Directors)

Cause of action : Adoption of the Proposal for Distribution of 2021 Earnings.

Explanation : 1. Please refer to the 2021 profit distribution table in Attachment IV.
2. The net income of the company amounted to NT\$8,250,223,955 for 2021. Add the beginning un appropriated earnings of NT\$5,555,807,602 and deducted investments accounted for using the equity method adjusted in retained earnings NT\$84,847,981, remeasurements of the defined benefit recognized in retained earnings NT\$4,039,040, cumulative profit or loss of disposals of investments in equity instruments designated as at fair value through other comprehensive income directly transferred to retained earnings NT\$11,434,540, the legal reserve of NT\$814,990,239 and reversed special reserve of NT\$276,056,151, the distributable earnings for 2021 amounted to NT\$13,166,775,908 resulted to be distributed as follows:
(1) The amounts of NT\$6,195,710,488 out of the 2021 earnings are appropriated for distribution as cash dividends and share dividends to shareholders, respectively.
There were 774,463,811 shares of common stock outstanding on December 31, 2021 that are entitled to the distribution of shareholder's dividend at NT\$8 per share.
(2) The distribution of cash dividend is calculated to the dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 will be booked as the other income or other expense of the company.
(3) The current distribution of earnings is scheduled before the dividend benchmark date. If there is any change in the yield rate as a result of any change in the company's outstanding shares, a request is to be made having the Chairman authorized to handle matters related to the changes.

Resolution :

3. Discussion Items

Discussion 1

(Proposed by the Board of Directors)

Cause of action : Amendment to the Company's "Articles of Incorporation". Please proceed to discuss.

Explanation : 1. Article 172-2 of the Company Act, the Company may explicitly provide in the Articles of Incorporation that a shareholders meeting can be held by means of a visual communication network or other methods promulgated by the central competent authority. To add flexibility to the methods of convening a shareholders meeting, the Company moves for the amendment to Article 9 of the Articles of Incorporation.
2. For the comparison table of amendments to the Articles of Incorporation, refer to Appendix V.

Resolution :

Discussion 2

(Proposed by the Board of Directors)

Cause of action : Amendment to the "Procedures For Acquisition or Disposal of Assets". Please proceed to discuss.

Explanation : 1. The proposal is handled according to Financial Supervisory Commission Order Gin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.
2. In order to comply with the law and relevant regulations and to conform to the needs of commercial practice, the Company hereby proposes to amend the Procedures For Acquisition or Disposal of Assets . Please refer to Attachment VI.

Resolution :

Discussion 3

(Proposed by the Board of Directors)

Cause of action : Amendment to the "Rules and Procedures of Shareholders' Meeting". Please proceed to discuss.

Explanation : The Company moves for amendments to the "Rules of Procedure for Shareholders Meetings" according to the amendment to Article 172-2 of the Company Act, which stipulates that a public company may hold its shareholders meeting by means of visual communication network. For the comparison table of amendments to the "Rules of Procedure for Shareholders Meetings," refer to Appendix VII.

Resolution :

4. Other Business and Special Motions

5. Adjournment

ATTACHMENTS

II. Attachments

<Attachment I>

Business Report

Dear shareholders:

Financial Performance

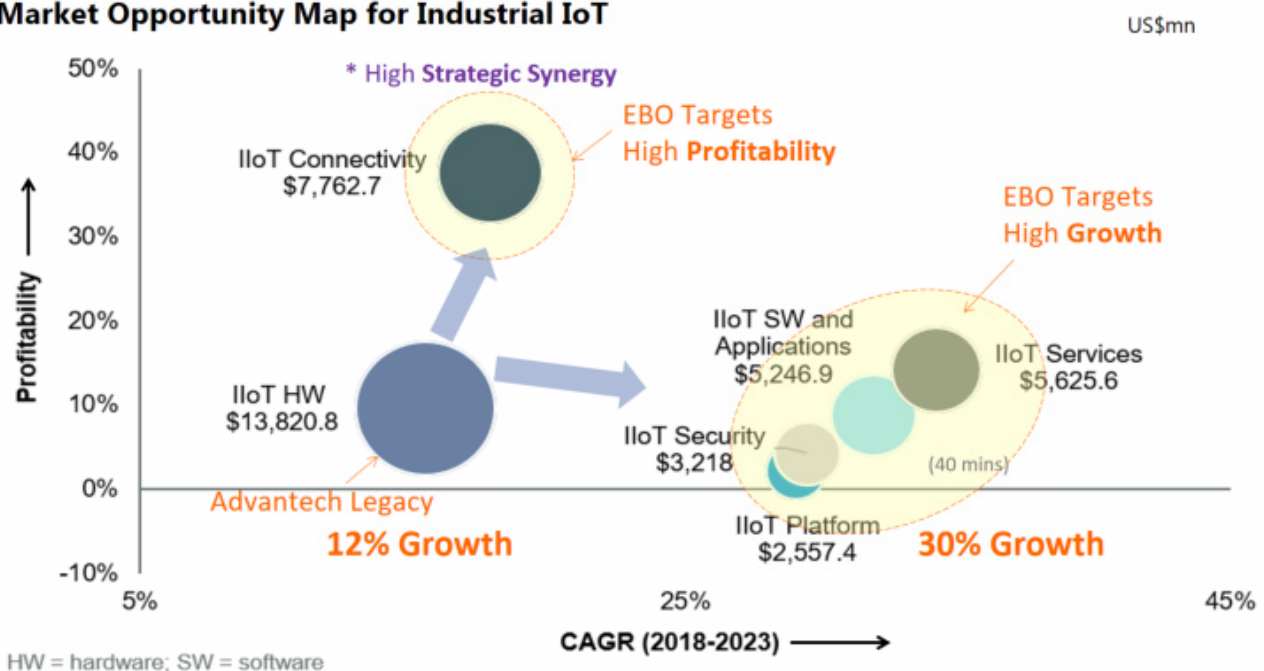
In terms of financial performance, Advantech's consolidated revenue of 2021 reached NT\$58.622 billion, an increase of 15% over 2020. The gross profit was NT\$22.132 billion (gross profit margin 37.8%), and the consolidated net income after tax was NT\$8.25 billion (year-on-year growth of 14%). 2021 earnings per share (EPS) reached NT\$10.67. Advantech's operating revenue and profit both hit historic highs in 2021, and the overall operation achieved good results.

In terms of U.S. dollars, Advantech's revenue in 2021 achieved US\$2.09 billion, officially breaking through the US\$2 billion threshold, representing a 21% year-on-year growth compared to 2020's revenue of US\$1.73 billion. From a regional perspective, China and emerging markets are the strongest, with year-on-year growth of 32% and 47% respectively. Major markets such as North America, Europe, Taiwan and South Korea also reached double-digit year to year growth rates. In terms of performance of each business unit (BUs), the Industrial-IoT Group (IIoT), Service-IoT Group (SIIoT) and Advantech Service Plus (AS+) outperformed other BUs, achieving year-on-year growth of 29%, 27% and 27% respectively.

Market Trends and Business Strategy

According to the Market Opportunity Map for Industrial IoT (see chart below) put forward by Gartner, the global industrial IoT industry will grow rapidly from 2018 to 2023. The profitability ratio is as high as 40%, which creates a huge synergy with Advantech's existing core business. IIoT is the company's key strategic direction going forward. In terms of growth momentum, the top four fast-growing application fields are IIoT Platforms, IIoT SW and applications, IIoT Services, and IIoT Security. It is estimated that the compound growth rate in the next five years will exceed 30%. Moving forward, Advantech will leverage its existing IIoT hardware advantages to actively explore high-profit and high-growth markets.

Market Opportunity Map for Industrial IoT



In addition, in the continuous establishment of global IoT standards, various Low Power Wide Area (LPWA) network technologies have been developed, including LoRa, Bluetooth 5.2, 5G, NB-IoT, and eMTC. At the same time, the evolution of data acquisition, transmission, storage management, and the maturity of analytics, helped to increase the penetration rate of IoT application services. In line with these trends, cloud service giants like Microsoft, Google, Amazon, and Alibaba are aggressively setting up dedicated IoT Clouds for AI and IoT applications, such as Azure IoT (Microsoft) and Cloud IoT (Google) platforms. The gradual maturity of technical standards will have a very positive influence on the popularization of IoT and the development of its ecosystem.

Advantech has been committed to the development of IoT Edge Computing and Platforms since its inception. In terms of product development, we provide diverse and reliable hardware platforms and intelligent integration services to system integrators (SIs) in different vertical fields around the world for facilitating various smart applications.

In line with the development of IoT over the next decade and technological trends of AI and 5G, Advantech has successfully integrated Edge Computing Platform and AI chips on existing hardware platforms to launch high-computing performance AI solutions. In addition, Gartner and numerous international market research organizations tell us that the combination of IoT, big data, and machine learning has become a strong trend in application fields such as automated production, video surveillance, equipment preventative maintenance, warehouse management, and healthcare. Thus, Advantech has been cultivating WISE-IoT technologies, targeting smart manufacturing, retail, and medical fields.

Equipped with the WISE-PaaS industrial cloud platform, we provide Solution Ready Packages (SRPs) that integrate software and hardware to help customers achieve project success. WISE-PaaS integrates edge computing and IoT cloud platforms to provide data acquisition, analytics, and visualization services from the sensor nodes and equipment at the edge and in the cloud, helping SIs focus on the needs of different vertical markets to quickly create new types of AIoT application services. The WISE-PaaS cloud platform, solely created by Advantech, not only promotes the vigorous development of the IoT industry ecosystem, but also successfully raises the technical barrier and further strengthens Advantech's leading position in the industry.

Corporate Vision

Looking ahead to 2030, we plan to incorporate the following important developments:

Globally Integrated Corporate Competencies (GICC) and Globally Integrated Regional Competences (GIRC):

Advantech will continue to focus on the in-depth development of core businesses in IIoT, and develop diverse application business units (BUs) based on this core platform. Under such a strategy, GICC and GIRC projects will be important developments for the headquarters. We plan to solidify the corporate and regional core competencies to support the effective development of diverse niche-focused business entities.

In-depth Development of Various Application Fields in a Co-Creation Model:

The value of IoT lies in providing customized application solutions. We embrace the advantages of the WISE-PaaS platform and its abundant software and hardware modules. Our future strategy is to form a co-creation cooperation model with SIs and independent software vendors (ISVs) in various fields in order to cultivate various IoT application fields together. The ways of realizing co-creation includes solution co-creation, joint venture co-creation, and Industry-Academia co-creation with universities and research institutions.

Separately Focus on Each Important Application Field:

In response to the uniqueness of each IoT application and its domain knowhow, specialized and dedicated business units can maximize the in-depth cultivation in each field. We plan to add several solution business units (Solution BU), including iFactory, iEMS, M2I, smart healthcare, smart retail, smart city, and more.

To conclude, our AIoT WISE-PaaS software platform and several SRPs will be integrated with Advantech's various mature IoT hardware platforms to form a global leading AIoT platform supplier with the intention of contributing and leading the global promotion of AIoT.

Sustainability and ESG

We have been dedicated to branding since Advantech's establishment and currently have offices in 28 countries around the world. In 2021, we were ranked fifth place on the Best Global Taiwan Brands list, with a brand value of US\$632 million and 1% brand value growth rate.

In order to promote environmental, social, and corporate governance (ESG), we have defined three main focuses of ESG, based on our ESG vision statement: first, become the most in-demand company for talent in the IoT field; second, cultivate new talent through multiple channels to achieve success for Advantech and co-creation partners; third, attach high importance to ESG issues, practice LITA (altruistic) corporate philosophy to become an intelligent promoter (contributor) of a sustainable planet.

Green Operations: completed the goal setting and advocacy of the Science Based Targets initiative (SBTi) in 2021, and finished implementation of iEMS (Intelligent Energy Management System) in Advantech, Taiwan and Kunshan, China to carry out the management of energy conservation and carbon reduction. Also, officially invested in solar farms formulated 2032 carbon neutral targets for Advantech Taiwan. At the same time, we plan to publish our first Task Force on Climate-Related Financial Disclosures (TCFD) in 2022.

AIoT Popularization and Mutual Benefits: use the WISE-PaaS platform to cultivate creative talent and innovative solutions in the AIoT field. Advantech supported AIoT education in 5 countries and 17 universities in 2021. Going forward, we will emphasize more on the collaboration of industry-academia and new talent development.

Employees and Community Enrichment: in addition to Advantech's ABLE Club employee platform, we offer a diverse range of channels to cultivate new and existing talent.

In 2021, Advantech's ESG affirmations include: Global Views Magazine CSR Award - ICT & electronics industry - Role Model Award; TCSA Taiwan Corporate Sustainability Awards - Corporate Sustainability Best Performance Award/Corporate Sustainability Report Gold Award; Buying Power - Social Innovation Product and Service Procurement Award - First Prize; and 1111 Job Bank Happiest Employees – 2021 Gold Award and Special Award. We were also selected by Yuanta FTSE4Good TIP Taiwan ESG ETF Fund (00850) and TIP Taiwan Environmental Sustainability Index. We will continue to dedicate ourselves to creating a sustainable and altruistic corporation for stakeholders with the mission of being an intelligent enabler of a sustainable planet.

Outlook for 2022 and Beyond

Looking forward to 2022, despite the challenges in the supply chain, the overall sales performance is still high, and the production capacity expansion plans are nearly completed. Furthermore, most developed countries actively address climate change challenges, which brought infrastructural demands from applications such as automated production, energy efficiency, environmental protection, and smart cities. We have great confidence that we can be on top of the IoT wave, contribute to a sustainable planet, and benefit our shareholders.



K.C. Lu
Chairman

Linda Tsai
President of Industrial
IoT

Eric Chen
President of General
Management

Miller Chang
President of Embedded
IoT

Audit Committee's Review Report

The Company's 2021 Financial Statements have been agreed by Audit Committee members of the Company and approved by the Board of Directors. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2021 Business Report and proposal for allocation of profits. The 2021 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company.

According with Article 14-4 of the securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Advantech Co., Ltd.

Chairman of the Audit Committee : Benson Liu

February 25, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of ADVANTECH CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheet of ADVANTECH CO., LTD. and its subsidiaries (the "Group") as at December 31, 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgements, were of most significance in our audit of the Group's 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(14) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(6) for the details of inventory valuation. The Group's inventory and allowance for inventory valuation as at December 31, 2021 are \$13,516,930 thousand and \$999,514 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of embedded computer boards, industrial automation products, applied computers and industrial computers. Due to the rapid changes in technology and environment and industrial characteristics, inventories of the Group are available in different sizes and types. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to assess the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Recognition of sales revenue

Description

Refer to Note 4(32) for the accounting policies on the recognition of sales revenue.

Due to the changes in technology and environment, the development of new energy-related industries as well as digital transformation have been accelerated. As a result of the rapid development in the industrial computers industry, the Group had a significant growth in its revenue for the year ended December 31, 2021, particularly from revenues generated through its channels/distributors. Thus, we considered the recognition of revenues from channels/distributors as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained an understanding of and assessed internal controls in relation to sales revenue, and validated the operating effectiveness.
2. Obtained a detailed listing of sales revenue from channels/distributors for the current year, and assessed supporting documents to ensure the appropriateness of recognition.
3. Inspected contents and relevant evidences to confirm whether there were any significant or unusual sales returns and discounts occurring subsequent to the reporting period.
4. Performed accounts receivable confirmation procedure to significant customers.

Other matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 were audited by other auditors, whose report dated March 5, 2021 expressed an unqualified opinion on those statements.

We have audited and expressed an unqualified opinion with an *other matter* section on the parent company only financial statements of ADVANTECH CO., LTD. as at and for the year ended December 31, 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 disclosures, 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 9,301,152	16	\$ 7,497,442	15
1110	Financial assets at fair value through profit or loss - current	6(2)	3,576,089	6	5,493,150	11
1136	Financial assets at amortised cost - current	6(4) and 8	113,548	-	162,602	-
1150	Notes receivable, net	6(5)	2,038,948	4	1,893,043	4
1170	Accounts receivable, net	6(5)	8,215,075	14	6,858,742	14
1180	Accounts receivable - related parties	7	37,920	-	28,750	-
1200	Other receivables		54,497	-	51,885	-
1210	Other receivables - related parties	7	-	-	4,633	-
130X	Inventory	6(6)	12,517,416	22	7,813,550	15
1470	Other current assets	7	831,655	1	483,739	1
11XX	Total current assets		<u>36,686,300</u>	<u>63</u>	<u>30,287,536</u>	<u>60</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	94,310	-	77,950	-
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	2,516,420	4	1,814,233	4
1550	Investments accounted for under equity method	6(7)	3,856,835	7	3,404,345	7
1600	Property, plant and equipment	6(8)	10,246,751	18	9,916,896	20
1755	Right-of-use assets	6(9)	594,368	1	599,005	1
1780	Intangible assets	6(10)	2,665,425	5	3,147,346	6
1840	Deferred income tax assets	6(25)	985,675	2	723,627	2
1915	Prepayments for business facilities		116,347	-	167,579	-
1990	Other non-current assets	8	65,806	-	60,868	-
15XX	Total non-current assets		<u>21,141,937</u>	<u>37</u>	<u>19,911,849</u>	<u>40</u>
1XXX	Total assets		<u>\$ 57,828,237</u>	<u>100</u>	<u>\$ 50,199,385</u>	<u>100</u>

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(11)	\$ 255,700	1	\$ 184,078	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	2,687	-	21,044	-
2130	Contract liabilities - current	6(20)	950,692	2	757,052	2
2170	Notes and accounts payable	7	7,486,975	13	4,326,447	9
2200	Other payables	6(12) and 7	4,587,492	8	3,928,365	8
2230	Current income tax liabilities		2,485,660	4	2,315,461	5
2250	Provision for liabilities - current		196,498	-	164,086	-
2280	Lease liabilities - current	6(9)	250,338	-	221,250	-
2300	Other current liabilities		287,636	1	178,425	-
21XX	Total current liabilities		<u>16,503,678</u>	<u>29</u>	<u>12,096,208</u>	<u>24</u>
	Non-current liabilities					
2560	Current income tax liabilities - non-current		97,320	-	291,961	1
2570	Deferred income tax liabilities	6(25)	2,178,209	4	2,142,428	4
2580	Lease liabilities - non-current	6(9)	67,068	-	87,781	-
2600	Other non-current liabilities	6(13)	619,171	1	534,584	1
25XX	Total non-current liabilities		<u>2,961,768</u>	<u>5</u>	<u>3,056,754</u>	<u>6</u>
2XXX	Total liabilities		<u>19,465,446</u>	<u>34</u>	<u>15,152,962</u>	<u>30</u>
	Equity attributable to shareholders of the parent					
	Share capital	6(15)				
3110	Common shares		7,738,228	13	7,719,455	16
3140	Advance receipts for share capital		6,410	-	3,090	-
	Capital surplus	6(16)				
3200	Capital surplus		8,388,886	15	7,913,754	16
	Retained earnings	6(17)				
3310	Legal reserve		7,737,236	13	7,020,201	14
3320	Special reserve		831,850	1	845,993	2
3350	Unappropriated retained earnings		13,705,710	24	11,739,513	23
	Other equity	6(18)				
3400	Other equity		(555,793)	(1)	(831,850)	(2)
31XX	Equity attributable to shareholders of the parent		<u>37,852,527</u>	<u>65</u>	<u>34,410,156</u>	<u>69</u>
36XX	Non-controlling interest	6(19)	510,264	1	636,267	1
3XXX	Total equity		<u>38,362,791</u>	<u>66</u>	<u>35,046,423</u>	<u>70</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 57,828,237</u>	<u>100</u>	<u>\$ 50,199,385</u>	<u>100</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2021		2020		
		Amount	%	Amount	%	
4000	Operating revenue	6(20) and 7	\$ 58,622,050	100	\$ 51,119,408	100
5000	Operating costs	6(6)(8)(9)(10)(13) (14)(24) and 7	(36,490,474)	(62)	(30,723,147)	(60)
5950	Gross profit		22,131,576	38	20,396,261	40
	Operating expenses	6(8)(9)(10)(13)(14) (24) and 7				
6100	Selling expenses		(5,180,175)	(9)	(4,762,890)	(9)
6200	General and administrative expenses		(2,877,312)	(5)	(2,551,504)	(5)
6300	Research and development expenses		(4,269,809)	(7)	(4,055,922)	(8)
6450	Expected credit impairment (loss) gain		(3,857)	-	10,608	-
6000	Total operating expenses		(12,331,153)	(21)	(11,359,708)	(22)
6900	Operating profit		9,800,423	17	9,036,553	18
	Non-operating income and expenses					
7100	Interest income		27,467	-	39,632	-
7010	Other income	6(21) and 7	373,993	-	212,830	1
7020	Other gains and losses	6(2)(10)(22)	(194,813)	-	(306,514)	(1)
7050	Finance costs	6(9)(23)	(15,668)	-	(20,176)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	263,940	-	166,036	-
7000	Total non-operating income and expenses		454,919	-	91,808	-
7900	Profit before income tax		10,255,342	17	9,128,361	18
7950	Income tax expense	6(25)	(1,947,979)	(3)	(1,825,374)	(4)
8200	Profit for the year		\$ 8,307,363	14	\$ 7,302,987	14

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2021		2020		
		Amount	%	Amount	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Gains (losses) on remeasurements of defined benefit plans	6(13)	(\$ 3,577)	-	(\$ 21,879)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(18)	766,066	2	132,470	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(18)	66,515	-	(2,733)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	790	-	4,385	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>829,794</u>	<u>2</u>	<u>112,243</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(18)	(685,783)	(1)	(151,818)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(18)	(57,855)	-	(21,431)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(25)	142,326	-	32,093	-
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>(601,312)</u>	<u>(1)</u>	<u>(141,156)</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 228,482</u>	<u>1</u>	<u>(\$ 28,913)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 8,535,845</u>	<u>15</u>	<u>\$ 7,274,074</u>	<u>14</u>
Profit attributable to:						
8610	Shareholders of the parent		\$ 8,250,224	14	\$ 7,247,955	14
8620	Non-controlling interest		57,139	-	55,032	-
			<u>\$ 8,307,363</u>	<u>14</u>	<u>\$ 7,302,987</u>	<u>14</u>
Total comprehensive income attributable to:						
8710	Shareholders of the parent		\$ 8,510,806	15	\$ 7,231,759	14
8720	Non-controlling interest		25,039	-	42,315	-
			<u>\$ 8,535,845</u>	<u>15</u>	<u>\$ 7,274,074</u>	<u>14</u>
Basic earnings per share						
9750	Profit for the year	6(26)	<u>\$ 10.67</u>		<u>\$ 9.40</u>	
Diluted earnings per share						
9850	Profit for the year	6(26)	<u>\$ 10.51</u>		<u>\$ 9.27</u>	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										Total equity	
		Share Capital		Retained Earnings			Other Equity Interest						
		Common capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total		Non-controlling interest
For the year ended December 31, 2020													
Balance at January 1, 2020		\$ 6,999,230	\$ 4,870	\$ 7,397,029	\$ 6,285,079	\$ 798,763	\$ 11,515,121	\$ 878,261	\$ 30,970	\$ 1,298	\$ 32,115,099	\$ 577,361	\$ 32,731,460
Consolidated profit for the year	6(18)(19)	-	-	-	-	-	7,247,955	-	-	-	7,247,955	55,032	7,302,987
Other comprehensive income (loss) for the year		-	-	-	-	-	(20,332)	(128,374)	132,510	-	(16,196)	(12,717)	(28,913)
Total comprehensive income (loss) for the year		-	-	-	-	-	7,227,623	(128,374)	132,510	-	7,231,759	42,315	7,274,074
Appropriations of 2019 earnings													
Legal reserve	6(17)	-	-	-	735,122	-	(735,122)	-	-	-	-	-	-
Special reserve		-	-	-	-	47,230	(47,230)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(5,463,198)	(5,463,198)	-	-	(5,463,198)	-	-	(5,463,198)
Stock dividends	6(15)	700,410	-	-	-	(700,410)	(700,410)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	6(19)	-	-	-	-	-	-	-	-	-	-	(11,443)	(11,443)
Recognition of employee share options	6(14)(15)	19,815	(1,780)	121,652	-	-	-	-	-	-	139,687	-	139,687
Compensation costs recognized for employee share options	6(14)	-	-	365,248	-	-	-	-	-	-	365,248	-	365,248
Changes in associates and joint ventures accounted for under equity method		-	-	43,140	-	-	-	-	-	179	43,319	-	43,319
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(27)	-	-	(8,678)	-	(34,762)	(34,762)	-	-	-	(43,440)	891	(42,549)
Changes in ownership interests in subsidiaries	6(19)(27)	-	-	(4,637)	-	(12,681)	(12,681)	-	-	-	(17,318)	27,143	9,825
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(18)	-	-	-	-	(9,828)	(9,828)	-	9,828	-	-	-	-
Balance at December 31, 2020		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	\$ 1,006,635	\$ 173,308	\$ 1,477	\$ 34,410,156	\$ 636,267	\$ 35,046,423
For the year ended December 31, 2021													
Balance at January 1, 2021		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	\$ 1,006,635	\$ 173,308	\$ 1,477	\$ 34,410,156	\$ 636,267	\$ 35,046,423
Consolidated profit for the year		-	-	-	-	-	8,250,224	-	-	-	8,250,224	57,139	8,307,363
Other comprehensive income (loss) for the year	6(18)(19)	-	-	-	-	-	(4,040)	(569,302)	833,924	-	(260,582)	(32,100)	(28,482)
Total comprehensive income (loss) for the year		-	-	-	-	-	(8,246,184)	(569,302)	833,924	-	(8,510,806)	25,039	(8,535,845)
Appropriations of 2020 earnings													
Legal reserve	6(17)	-	-	-	717,035	-	(717,035)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,143)	(14,143)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(5,480,813)	(5,480,813)	-	-	(5,480,813)	-	(25,675)	(5,480,813)
Cash dividends distributed by subsidiaries	6(19)	-	-	-	-	-	-	-	-	-	-	(25,675)	(25,675)
Recognition of employee share options	6(14)(15)	18,773	3,320	185,822	-	-	-	-	-	-	207,915	-	207,915
Compensation costs recognized for employee share options	6(14)	-	-	291,441	-	-	-	-	-	-	291,441	-	291,441
Changes in associates and joint ventures accounted for under equity method		-	-	(25,474)	-	-	(80,199)	-	-	-	(105,673)	-	(105,673)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(27)	-	-	23,128	-	(3,401)	(3,401)	-	-	-	19,727	-	19,727
Changes in non-controlling interest	6(19)(27)	-	-	-	-	-	-	-	-	-	-	(75,664)	(75,664)
Changes in ownership interests in subsidiaries	6(19)(27)	-	-	215	-	(1,247)	(1,247)	-	-	-	(1,032)	(49,703)	(50,735)
Disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	(11,435)	(11,435)	-	11,435	-	-	-	-
Balance at December 31, 2021		\$ 7,738,228	\$ 6,410	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	\$ 1,575,937	\$ 1,018,667	\$ 1,477	\$ 37,852,527	\$ 510,264	\$ 38,362,791

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 10,255,342	\$ 9,128,361
Adjustments items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	828,168	792,808
Amortisation	6(10)(24)	268,703	175,394
Expected credit impairment loss (reversal of impairment loss)		3,857	(10,608)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(22)	(131,863)	(8,571)
Finance costs	6(23)	(15,668)	(20,176)
Interest income		(27,467)	(39,632)
Dividend income	6(21)	(185,473)	(99,326)
Compensation costs of employee share options	6(14)	291,468	365,248
Share of profit of associates accounted for under equity method	6(7)	(263,940)	(166,036)
(Gain) loss on disposal of property, plant and equipment	6(22)	(58,183)	25,293
(Gain) loss on disposal of investments	6(22)	(1,426)	574
Others		(22,469)	-
Impairment loss	6(10)(22)	292,574	245,917
Changes in assets and liabilities to operating activities			
Changes in assets to operating activities			
Financial assets at fair value through profit or loss		2,032,564	(1,792,887)
Notes receivable		(146,689)	(346,703)
Accounts receivable		(1,362,058)	416,710
Accounts receivable - related parties		(9,170)	(8,576)
Other receivables (including related parties)		2,021	44,889
Inventories		(4,703,866)	(29,767)
Other current assets		(347,916)	204,660
Changes in liabilities to operating activities			
Financial liabilities at fair value through profit or loss		(18,357)	-
Contract liabilities - current		193,640	(62,666)
Notes and accounts payable		3,160,528	(559,582)
Other payables		658,097	284,784
Provision for liabilities		32,412	(44,525)
Other current liabilities		109,211	(24,764)
Other non-current liabilities		81,724	(6,905)
Cash inflow generated from operations		10,947,100	8,504,266
Interest received		27,467	39,632
Dividends received		185,473	99,326
Interest paid		(1,024)	(3,957)
Income tax paid		(2,027,449)	(560,701)
Net cash flows provided by operating activities		9,131,567	8,078,566
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(13,808)	(651,249)
Proceeds from disposal of financial assets at amortised cost		50,194	790,975
Acquisition of financial assets at fair value through other comprehensive income		-	(44,719)
Proceeds from disposal of financial assets at fair value through other comprehensive income		16	-
Cash returned from capital reduction of financial assets at fair value through other comprehensive income		17,980	-
Acquisition of investments accounted for under equity method	6(7)	(398,868)	(383,086)
Proceeds from disposal of investments accounted for under equity method	6(7)	8,676	7,656
Net cash flow from acquisition of subsidiaries	6(28)	-	(2,724)
Acquisition of property, plant and equipment	6(8)	(1,022,442)	(619,025)
Proceeds from disposal of property, plant and equipment		135,209	46,086
Acquisition of intangible assets	6(10)	(186,074)	(136,448)
Increase in refundable deposits		(8,365)	(2,641)
Decrease in other non-current assets		3,427	-
Dividends received from associates		151,729	163,216
(Increase) decrease in prepayments for business facilities		(13,450)	23,075
Net cash flows used in investing activities		(1,275,776)	(808,884)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(29)	90,830	(65,200)
Repayments of long-term borrowings	6(29)	-	(42,393)
(Decrease) increase in guarantee deposits received		(714)	28
Payment of lease liabilities	6(9)(29)	(248,716)	(239,314)
Payment of cash dividends	6(17)	(5,480,813)	(5,463,198)
Employee share options exercised		199,865	139,687
Dividends paid to non-controlling interests		(25,675)	(11,443)
Liquidation of subsidiary and refund of shares to non-controlling interests		(73,125)	-
Change in non-controlling interest	6(27)	(25,262)	(32,724)
Net cash flows used in financing activities		(5,563,610)	(5,714,557)
Effect of exchange rate changes		(488,471)	(61,619)
Net increase in cash and cash equivalents		1,803,710	1,493,506
Cash and cash equivalents at beginning of year		7,497,442	6,003,936
Cash and cash equivalents at end of year		\$ 9,301,152	\$ 7,497,442

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of ADVANTECH CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheet of ADVANTECH CO., LTD. as at December 31, 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of ADVANTECH CO., LTD. as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of ADVANTECH CO., LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of ADVANTECH CO., LTD.'s 2021 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, we do not provide a separate opinion on these matters.

Key audit matters for ADVANTECH CO., LTD.'s 2021 financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(11) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(5) for the details for inventory valuation. ADVANTECH CO., LTD.'s inventory and allowance for inventory valuation as at December 31, 2021 are \$6,904,782 thousand and \$408,331 thousand, respectively.

ADVANTECH CO., LTD. is primarily engaged in the manufacture and sales of embedded computer boards, industrial automation products, applied computers and industrial computers. Due to the rapid changes in technological environment and industrial characteristics, inventories of ADVANTECH CO., LTD. are available in different sizes and types. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognised as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to assess the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Recognition of sales revenue

Description

Refer to Note 4(28) for the accounting policies on the recognition of sales revenue.

Due to the changes in technology and environment, the development of new energy-related industries as well as digital transformation have been accelerated. As a result of the rapid development in the industrial computers industry, ADVANTECH CO., LTD. and its subsidiaries had a significant growth in its revenue for the year ended December 31, 2021, particularly from revenue generated through its channels/distributors. Thus, we considered the recognition of revenues from channels/distributors as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognised as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of and assessed internal controls in relation to sales revenue, and assessed the operating effectiveness.
2. Obtained a detailed listing of sales revenue from channels/distributors for the current year, and validated supporting documents to ensure the appropriateness of recognition.
3. Inspected contents and relevant evidences to confirm whether there were any significant or unusual sales returns and discounts occurring subsequent to the reporting period.
4. Performed accounts receivable confirmation procedure to significant customers.

Other matter - Audit Scope

The comparative information of ADVANTECH CO., LTD. as at and for the year ended December 31, 2020 were audited by other auditors, whose report dated March 5, 2021 expressed an unqualified opinion on those 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 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 of ADVANTECH CO., LTD. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ADVANTECH CO., LTD. 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 ADVANTECH CO., LTD.

Independent 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards 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 internal control of ADVANTECH CO., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ADVANTECH CO., LTD. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause ADVANTECH CO., LTD. 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 disclosures, 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 ADVANTECH CO., LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our 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 the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash	6(1)	\$ 3,608,918	7	\$ 2,062,596	5
1110	Financial assets at fair value through profit or loss - current	6(2)	1,081,067	2	3,652,818	8
1150	Notes receivable, net	6(4)	65,229	-	20,508	-
1160	Notes receivable - related parties	7	-	-	6,775	-
1170	Accounts receivable, net	6(4)	1,408,798	3	1,131,586	2
1180	Accounts receivable - related parties	7	6,127,176	12	4,936,420	11
1200	Other receivables		30,803	-	131,950	-
1210	Other receivables - related parties	7	17,966	-	26,355	-
130X	Inventories	6(5)	6,496,451	12	3,697,499	8
1470	Other current assets		265,057	-	54,446	-
11XX	Total current assets		<u>99,101,465</u>	<u>36</u>	<u>15,720,953</u>	<u>34</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,981,237	4	1,332,435	3
1550	Investments accounted for under equity method	6(6)	23,744,210	45	21,703,009	47
1600	Property, plant and equipment	6(7) and 7	6,926,491	13	6,549,679	14
1755	Right-of-use assets	6(8)	7,541	-	7,860	-
1780	Intangible assets	6(9)	247,722	1	219,585	1
1840	Deferred income tax assets	6(22)	720,411	1	484,765	1
1915	Prepayments for business facilities		38,393	-	46,051	-
1990	Other non-current assets		9,851	-	6,132	-
15XX	Total non-current assets		<u>33,675,856</u>	<u>64</u>	<u>30,349,516</u>	<u>66</u>
1XXX	Total assets		<u>\$ 52,777,321</u>	<u>100</u>	<u>\$ 46,070,469</u>	<u>100</u>

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 2,687	-	\$ 21,044	-
2130	Contract liabilities - current	6(17)	108,896	-	79,331	-
2170	Notes and accounts payable		4,589,558	9	2,170,501	5
2180	Accounts payable - related parties	7	1,924,592	4	1,793,372	4
2200	Other payables	6(10)	3,075,486	6	2,492,198	5
2220	Other payables - related parties	7	123,036	-	64,173	-
2230	Current income tax liabilities		2,340,847	4	2,170,762	5
2250	Provision for liabilities - current		70,859	-	60,663	-
2280	Lease liabilities - current	6(8)(24)	5,174	-	3,044	-
2300	Other current liabilities		131,750	-	136,612	-
21XX	Total current liabilities		<u>12,372,885</u>	<u>23</u>	<u>8,991,700</u>	<u>19</u>
Non-current liabilities						
2560	Current income tax liabilities - non-current		97,320	-	291,961	1
2570	Deferred income tax liabilities	6(22)	2,110,111	4	2,030,161	4
2580	Lease liabilities - non-current	6(8)(24)	2,262	-	4,678	-
2600	Other non-current liabilities	6(11)	342,216	1	341,813	1
25XX	Total non-current liabilities		<u>2,551,909</u>	<u>5</u>	<u>2,668,613</u>	<u>6</u>
2XXX	Total liabilities		<u>14,924,794</u>	<u>28</u>	<u>11,660,313</u>	<u>25</u>
Equity						
Share capital		6(13)				
3110	Common share		7,738,228	15	7,719,455	17
3140	Advance receipts for share capital		6,410	-	3,090	-
Capital surplus		6(14)				
3200	Capital surplus		8,388,886	15	7,913,754	17
Retained earnings		6(15)				
3310	Legal reserve		7,737,236	15	7,020,201	15
3320	Special reserve		831,850	2	845,993	2
3350	Unappropriated retained earnings		13,705,710	26	11,739,513	26
Other equity		6(16)				
3400	Other equity		(555,793)	(1)	(831,850)	(2)
3XXX	Total equity		<u>37,852,527</u>	<u>72</u>	<u>34,410,156</u>	<u>75</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 52,777,321</u>	<u>100</u>	<u>\$ 46,070,469</u>	<u>100</u>

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

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(17) and 7	\$ 41,159,286	100	\$ 34,391,042	100
5000	Operating costs	6(5)(7)(8)(9)(11) (12)(21) and 7	(28,750,865)	(70)	(23,076,590)	(67)
5900	Gross profit		12,408,421	30	11,314,452	33
5910	Unrealised profit from sales		(691,983)	(2)	(612,224)	(2)
5920	Realised profit from sales		612,224	2	695,422	2
5950	Gross profit		12,328,662	30	11,397,650	33
	Operating expenses	6(7)(8)(9)(11)(12) (21) and 7				
6100	Selling expenses		(760,407)	(2)	(654,808)	(2)
6200	General and administrative expenses		(1,110,599)	(3)	(862,047)	(3)
6300	Research and development expenses		(3,070,694)	(7)	(2,916,152)	(8)
6450	Expected credit impairment (loss) gain		(687)	-	7,247	-
6000	Total operating expenses		(4,942,387)	(12)	(4,425,760)	(13)
6900	Operating profit		7,386,275	18	6,971,890	20
	Non-operating income and expenses					
7100	Interest income		178	-	468	-
7010	Other income	6(18) and 7	302,570	1	198,129	-
7020	Other gains and losses	6(2)(6)(19)	(215,052)	-	(45,614)	-
7050	Finance costs	6(8)(20)	(202)	-	(710)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	2,239,031	5	1,616,477	5
7000	Total non-operating income and expenses		2,326,525	6	1,768,750	5
7900	Profit before income tax		9,712,800	24	8,740,640	25
7950	Income tax expense	6(22)	(1,462,576)	(4)	(1,492,685)	(4)
8200	Profit for the year		\$ 8,250,224	20	\$ 7,247,955	21

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Loss on remeasurements of defined benefit plans	6(11)	(\$ 4,716)	-	(\$ 22,010)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	648,802	2	108,050	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	184,855	-	21,736	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	943	-	4,402	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>829,884</u>	<u>2</u>	<u>112,178</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(16)	(653,773)	(1)	(139,036)	-
8380	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	(57,855)	-	(21,431)	-
8399	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	142,326	-	32,093	-
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>(569,302)</u>	<u>(1)</u>	<u>(128,374)</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 260,582</u>	<u>1</u>	<u>(\$ 16,196)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 8,510,806</u>	<u>21</u>	<u>\$ 7,231,759</u>	<u>21</u>
Basic earnings per share						
9750	Profit for the year	6(23)	<u>\$ 10.67</u>		<u>\$ 9.40</u>	
Diluted earnings per share						
9850	Profit for the year	6(23)	<u>\$ 10.51</u>		<u>\$ 9.27</u>	

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

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share Capital			Retained Earnings			Other Equity Interest			Total equity
		Common share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	
<u>For the year ended December 31, 2020</u>											
Balance at January 1, 2020		\$ 6,999,230	\$ 4,870	\$ 7,397,029	\$ 6,285,079	\$ 798,763	\$ 11,515,121	(\$ 878,261)	\$ 30,970	\$ 1,298	\$ 32,154,099
Profit for the year		-	-	-	-	-	7,247,955	-	-	-	7,247,955
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	(20,532)	(128,374)	132,510	-	(16,196)
Total comprehensive income (loss) for the year		-	-	-	-	-	7,227,623	(128,374)	132,510	-	7,231,759
Appropriations of 2019 earnings	6(15)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	735,122	-	(735,122)	-	-	-	-
Special reserve		-	-	-	-	47,230	(47,230)	-	-	-	-
Cash dividends		-	-	-	-	-	(5,463,198)	-	-	-	(5,463,198)
Stock dividends		700,410	-	-	-	-	(700,410)	-	-	-	-
Recognition of employee share options	6(12)	19,815	(1,780)	121,652	-	-	-	-	-	-	139,687
Compensation costs recognised for employee share options	6(12)	-	-	365,248	-	-	-	-	-	-	365,248
Changes in associates and joint ventures accounted for under equity method	6(14)(16)	-	-	43,140	-	-	-	-	-	179	43,319
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	(8,678)	-	-	(34,762)	-	-	-	(43,440)
Changes in ownership interests in subsidiaries	6(14)	-	-	(4,637)	-	-	(12,681)	-	-	-	(17,318)
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(16)	-	-	-	-	-	(9,828)	-	9,828	-	-
Balance at December 31, 2020		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	(\$ 1,006,635)	\$ 173,308	\$ 1,477	\$ 34,410,156
<u>For the year ended December 31, 2021</u>											
Balance at January 1, 2021		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	(\$ 1,006,635)	\$ 173,308	\$ 1,477	\$ 34,410,156
Profit for the year		-	-	-	-	-	8,250,224	-	-	-	8,250,224
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	(4,040)	(569,302)	833,924	-	260,582
Total comprehensive income (loss) for the year		-	-	-	-	-	8,246,184	(569,302)	833,924	-	8,510,806
Appropriations of 2020 earnings	6(15)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	717,035	-	(717,035)	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,143)	14,143	-	-	-	-
Cash dividends		-	-	-	-	-	(5,480,813)	-	-	-	(5,480,813)
Recognition of employee share options	6(12)(13)	18,773	3,320	185,822	-	-	-	-	-	-	207,915
Compensation costs recognised for employee share options	6(12)	-	-	291,441	-	-	-	-	-	-	291,441
Changes in associates and joint ventures accounted for under equity method	6(14)	-	-	(25,474)	-	-	(80,199)	-	-	-	(105,673)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	23,128	-	-	(3,401)	-	-	-	19,727
Changes in ownership interests in subsidiaries	6(14)	-	-	215	-	-	(1,247)	-	-	-	(1,032)
Disposal of financial assets at fair value through other comprehensive income	6(16)	-	-	-	-	-	(11,435)	-	11,435	-	-
Balance at December 31, 2021		\$ 7,738,228	\$ 6,410	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	(\$ 1,575,937)	\$ 1,018,667	\$ 1,477	\$ 37,852,527

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

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 9,712,800	\$ 8,740,640
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	234,036	240,113
Amortisation	6(9)(21)	130,281	93,810
Expected credit impairment loss (reversal of impairment loss)		687	(7,247)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(19)	(66,881)	20,695
Finance costs	6(20)	202	710
Interest income		(178)	(468)
Dividend income	6(18)	(131,626)	(70,673)
Compensation costs of employee share options	6(12)(21)	291,441	365,248
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		(2,239,031)	(1,616,477)
(Gain) loss on disposal of property, plant and equipment	6(19)	(71,945)	1,881
Loss on disposal of investments		-	1,525
Unrealised profit from sales		691,983	-
Realised profit from sales		(612,224)	(83,198)
Others		(22,469)	-
Impairment loss	6(19)	215,068	-
Changes in assets and liabilities related to operating activities			
Changes in assets related to operating activities			
Financial assets at fair value through profit or loss		2,638,632	(2,031,760)
Notes receivable		(44,721)	13,672
Notes receivable - related parties		6,775	(6,775)
Accounts receivable		(277,899)	188,581
Accounts receivable - related parties		(1,190,756)	280,957
Other receivables		(101,147)	6,272
Other receivables - related parties		8,389	(9,275)
Inventories		(2,798,952)	(79,593)
Other current assets		(210,611)	3,931
Changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss		(18,357)	20,523
Contract liabilities - current		29,565	(54,718)
Notes and accounts payable		2,419,057	(148,607)
Accounts payable - related parties		131,220	(294,558)
Other payables		583,288	80,334
Other payables - related parties		58,863	289
Provision for liabilities - current		10,196	(2,560)
Other current liabilities		(4,862)	78,110
Other non-current liabilities		802	100
Net defined benefit liabilities		(4,416)	(4,194)
Cash inflow generated from operations		9,569,504	5,727,288
Dividends received		131,626	70,673
Interest received		178	468
Income tax paid		(1,499,559)	(98,234)
Interest paid		(68)	(710)
Net cash flows provided by operating activities		<u>8,201,681</u>	<u>5,699,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for under equity method		(1,166,690)	(164,771)
Dividends received from subsidiaries and associates		384,280	302,354
Proceeds from disposal of subsidiaries		92,123	33,455
Cash received from liquidation of subsidiaries		10,059	-
Acquisition of property, plant and equipment	6(7)	(644,863)	(180,986)
Proceeds from disposal of property, plant and equipment		127,217	497
Acquisition of intangible assets	6(9)	(151,097)	(86,782)
Increase in prepayments for business facilities		(13,084)	(27,964)
(Increase) decrease in refundable deposits		(3,719)	2,297
Net cash flows used in investing activities		<u>(1,365,774)</u>	<u>(121,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(700)	-
Payments of lease liabilities	6(24)	(7,937)	(8,353)
Payments of cash dividends	6(15)	(5,480,813)	(5,463,198)
Employee share options exercised		199,865	139,687
Net cash flows used in financing activities		<u>(5,289,585)</u>	<u>(5,331,864)</u>
Net increase in cash and cash equivalents		1,546,322	245,721
Cash and cash equivalents at beginning of year		2,062,596	1,816,875
Cash and cash equivalents at end of year		<u>\$ 3,608,918</u>	<u>\$ 2,062,596</u>

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

Advantech Co., Ltd.
2021 Profit Distribution Table

Unit: NT\$

Item	Total
Unappropriated retained earnings - beginning	5,555,807,602
Less: using the equity method adjusted in retained earnings	(84,847,981)
Less: remeasurements of the defined benefit recognized in retained earnings	(4,039,040)
Less: cumulative profit or loss of disposals of investments in equity instruments designated as at fair value through other comprehensive income directly transferred to retained earnings	(11,434,540)
Adjusted Unappropriated Retained Earnings	5,455,486,041
Add: Net income	8,250,223,955
Less: 10% legal reserve appropriated	(814,990,239)
Reversed special reserve	276,056,151
Current earnings available for distribution	13,166,775,908
Distributions:	
Common stock cash dividend (Dividends Per Share \$8)	(6,195,710,488)
Unappropriated retained earnings - ending	6,971,065,420

Chairman: K.C. Liu

President: Eric Chen
Miller Chang
Linda Tsai

Chief Financial officer: Mandy Lin

Advantech Co., Ltd.
Corporate Charter (Articles of Incorporation) Article Amendments Table

After amendment	Before amendment	Remark
<p>Article 9 Shareholders' meeting includes general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is held annually and it is convened by the board of directors lawfully six months after the fiscal year. Extraordinary shareholders' meeting is convened when it is necessary.</p> <p><u>The Company may hold a shareholders meeting by means of a visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Article 9 Shareholders' meeting includes general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is held annually and it is convened by the board of directors lawfully six months after the fiscal year. Extraordinary shareholders' meeting is convened when it is necessary.</p>	<p>According to the actual practice</p>
<p>Article 22 The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are omitted). The 21st amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003. The 22nd amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003. The 23rd amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005. The 24th amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005. The 25th amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006. The 26th amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007. The 27th amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008. The 28th amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009. The 29th amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010. The 30th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.</p>	<p>Article 22 The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are omitted). The 21st amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003. The 22nd amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003. The 23rd amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005. The 24th amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005. The 25th amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006. The 26th amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007. The 27th amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008. The 28th amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009. The 29th amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010. The 30th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.</p>	<p>Update the date of the amendment</p>

After amendment	Before amendment	Remark
<p>The 31st amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012.</p> <p>The 32nd amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.</p> <p>The 33rd amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.</p> <p>The 34th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2016.</p> <p>The 35th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2017.</p> <p>The 36th amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2018.</p> <p>The 37th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2019.</p> <p>The 38th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2020.</p> <p>The 39th amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2021.</p> <p><u>The 40th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2022.</u></p>	<p>The 31st amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012.</p> <p>The 32nd amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.</p> <p>The 33rd amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.</p> <p>The 34rd amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2016.</p> <p>The 35rd amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2017.</p> <p>The 36th amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2018.</p> <p>The 37th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2019.</p> <p>The 38th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2020.</p> <p>The 39th amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2021.</p>	

Advantech Co., Ltd.

Procedures for the Acquisition or Disposal of Assets

After amendment	Before amendment	Remark
<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. 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. 2. May not be a related party or de facto related party of any party to the transaction. 3. 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulation of the trade associations to which they belong and consider</u> the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as 	<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. 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. 2. May not be a related party or de facto related party of any party to the transaction. 3. 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as 	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>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>3. 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>4. 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 <u>reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>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>3.They shall undertake an item-by-item evaluation of the <u>comprehensiveness</u>, <u>accuracy</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>4.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 <u>accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 9 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent 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 thereof held for business use, 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>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	<p>Article 9 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent 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 thereof held for business use, 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>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>3. 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 engaged to perform the appraisal in accordance with the provisions of Statement render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>3. 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 engaged to perform the appraisal in accordance with the provisions of <u>Statement of Auditing Standards No. 20</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 10 Procedures for Acquisition or Disposal of Securities</p> <p>1. Evaluation and Operating Procedures The transaction processes of securities shall be handled in accordance with the operating procedures for investment circulation in the Company's internal control system.</p> <p>2. Procedures for Determining Trading Terms and Conditions and Authorization Limit</p> <p>(1) The trading terms and conditions and authorization limit of securities traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the responsible unit based on the</p>	<p>Article 10 Procedures for Acquisition or Disposal of Securities</p> <p>2. Evaluation and Operating Procedures The transaction processes of securities shall be handled in accordance with the operating procedures for investment circulation in the Company's internal control system.</p> <p>2. Procedures for Determining Trading Terms and Conditions and Authorization Limit</p> <p>(1) The trading terms and conditions and authorization limit of securities traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the responsible unit based on the</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>market condition and the Company's authorization limit and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.</p> <p>(2) The trading terms and conditions and authorization limit of securities not traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the Company by obtaining financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the trading price and taking into account the net value per share, profitability, and trend of future development and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.</p> <p>(3) The acquisition of money market funds with fixed income shall be approved by the authorized financial officer.</p> <p>3. Units Responsible for Implementation After the investment in securities is approved based on the authorization limit of the Company, the finance unit is responsible for implementation.</p> <p>4. Expert Opinion The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for 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 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of</p>	<p>market condition and the Company's authorization limit and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.</p> <p>(2) The trading terms and conditions and authorization limit of securities not traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the Company by obtaining financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the trading price and taking into account the net value per share, profitability, and trend of future development and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.</p> <p>(3) The acquisition of money market funds with fixed income shall be approved by the authorized financial officer.</p> <p>3. Units Responsible for Implementation After the investment in securities is approved based on the authorization limit of the Company, the finance unit is responsible for implementation.</p> <p>4. Expert Opinion The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for 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 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so</u></p>	

After amendment	Before amendment	Remark
<p>securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.</p> <p>(2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with this Corporation as a sponsor of the issue.</p> <p>(3) Securities issued by an investee company wholly invested by this Corporation that is carrying out a cash capital increase, with this Corporation as a sponsor of the issue.</p> <p>(4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>(5) Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>(6) Domestic funds or overseas funds.</p> <p>(7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8) Securities acquired through this Corporation's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.</p> <p>(9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-I V-0930005249.</p> <p>(10) Subscription or redemption of</p>	<p><u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.</p> <p>(2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with this Corporation as a sponsor of the issue.</p> <p>(3) Securities issued by an investee company wholly invested by this Corporation that is carrying out a cash capital increase, with this Corporation as a sponsor of the issue.</p> <p>(4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>(5) Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>(6) Domestic funds or overseas funds.</p> <p>(7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8) Securities acquired through this Corporation's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.</p> <p>(9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-I V-0930005249.</p> <p>(10) Subscription or redemption of</p>	

After amendment	Before amendment	Remark
<p>domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p>	<p>domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p>	
<p>Article 11 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 11 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>According to the governing law and regulations</p>
<p>Article 15 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party at the amount reaching 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real 	<p>Article 15 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party at the amount reaching 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real 	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.</p> <p>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31 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 audit committee need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 9 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>When the Company or any subsidiary that is not a domestic public company engages</u></p>	<p>property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.</p> <p>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31 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 audit committee need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 9 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted to the Board of Directors for discussion pursuant to the</p>	

After amendment	Before amendment	Remark
<p><u>in the transaction mentioned in Paragraph 1 and the transaction amount reaches ten percent or more of the Company’s total assets, the Company shall neither enter the transaction contract nor pay until the information mentioned in Paragraph 1 has been adopted in a shareholders meeting. However, this does not apply to transactions between the Company and its parent company or subsidiaries, or between its subsidiaries. The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Paragraph 2, Article 31 herein, and “within the preceding year” as used herein shall refer to the year preceding the date of occurrence of the current transaction. Items that have been submitted to a shareholders meeting and the Board of Directors for approval and ratified by the Audit Committee need not be counted toward the transaction amount.</u></p> <p>When a matter is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms “all Audit Committee members” and “all directors” shall be counted as the actual number of persons currently holding those positions.</p>	<p>preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms “all Audit Committee members” and “all directors” shall be counted as the actual number of persons currently holding those positions.</p>	
<p>Article 31 Procedures for Public Disclosure of Information Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days</p>	<p>Article 31 Procedures for Public Disclosure of Information Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: <ol style="list-style-type: none"> (1). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. 5. Where 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 and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, 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. 6. Where an asset transaction other than 	<p>counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: <ol style="list-style-type: none"> (1). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. 5. Where 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 and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, 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. 6. Where an asset transaction other than 	

After amendment	Before amendment	Remark
<p>any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the country's sovereign credit rating.</u></p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds, or subscription or redemption of exchange-traded notes or futures trust funds, or subscription</u> by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. 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. 4. The cumulative transaction amount of acquisitions and disposals (cumulative 	<p>any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1). Trading of domestic government bonds.</p> <p>(2). Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. 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. 4. The cumulative transaction amount of acquisitions and disposals (cumulative 	

After amendment	Before amendment	Remark
<p>acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public 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 domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public 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 domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p>Article 34</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on November 29, 1999.</p> <p>The 2nd amendment was made on May 30, 2002.</p> <p>The 3rd amendment was made on May 2, 2003.</p> <p>The 4th amendment was made on May 27, 2004.</p> <p>The 5th amendment was made on June 16, 2006.</p> <p>The 6th amendment was made on June 15,</p>	<p>Article 34</p> <p>These Procedures were established on May 3, 1997.</p> <p>The 1st amendment was made on November 29, 1999.</p> <p>The 2nd amendment was made on May 30, 2002.</p> <p>The 3rd amendment was made on May 2, 2003.</p> <p>The 4th amendment was made on May 27, 2004.</p> <p>The 5th amendment was made on June 16, 2006.</p> <p>The 6th amendment was made on June 15,</p>	<p>Update the date of the amendment</p>

After amendment	Before amendment	Remark
2007. The 7th amendment was made on June 13, 2012. The 8th amendment was made on June 18, 2014. The 9th amendment was made on May 26, 2017. The 10th amendment was made on May 28, 2019. <u>The 11st amendment was made on May 26, 2022.</u>	2007. The 7th amendment was made on June 13, 2012. The 8th amendment was made on June 18, 2014. The 9th amendment was made on May 26, 2017. The 10th amendment was made on May 28, 2019.	

Advantech Co., Ltd.
Rules and Procedure for Shareholders' Meetings

After amendment	Before amendment	Remark
<p>Article 2</p> <p><u>Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.</u></p> <p><u>Changes to the means of convening a shareholders' meeting shall be subject to a resolution of the Board of Directors, and shall be made no later than the delivery of the shareholders' meeting notice.</u></p> <p>The Company shall specify in its shareholders meeting notices the time during which shareholder, solicitor, and proxy agent (shareholder) attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, 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. <u>Where a shareholders meeting is held by means of visual communication network, shareholders shall register on the visual networking platform at least thirty minutes prior to the time the meeting commences.</u> Shareholders who have completed the registration shall be deemed to have attended the shareholders meeting in person.</p> <p>The shareholders or the shareholders' commissioned representatives while attending the meeting should sign on the attendance registry or submit the attendance card instead; also, the number of attending shares is calculated in accordance with the number of shares documented on the attendance</p>	<p>Article 2</p> <p>The Company shall include the information of shareholders reporting time, reporting place, and others on the written notice. The shareholder's reporting to meeting referred to above should be processed at least thirty minutes before the meeting in session; there should be clearly marked signs at the reporting place with sufficient and competent staff at the place to assist. The shareholders or the shareholders' commissioned representatives (hereinafter referred to as "the Shareholders") shall attend the meeting with the attendance certificate, attendance cards, or other identification documents presented; the proxies shall attend the meeting with the identity documents presented for verification. The shareholders or the shareholders' commissioned representatives while attending the meeting should sign on the attendance registry or submit the attendance card instead; also, the number of attending shares is calculated in accordance with the number of shares documented on the attendance card.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>card.</p> <p><u>Where a shareholders meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall register with the Company two days prior to the shareholders meeting.</u></p> <p><u>Where a shareholders meeting is held by means of visual communication network, the Company shall upload the meeting handbook, annual report, and other information to the visual networking platform at least thirty minutes before the start of the shareholders meeting and shall maintain their availability until the end of the meeting.</u></p> <p><u>When the Company announces the commencement of a shareholders' meeting by means of a visual communication network, it shall disclose the total number of shares held by attending shareholders on the visual networking platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the meeting are counted during the meeting.</u></p>		
<p>Article 2.1</p> <p>The attendance and resolution in the shareholders' meeting shall be based on the shares.</p> <p><u>The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and the number of shares registered on the visual networking platform plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p><u>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and the number of shares represented by shareholders attending the meeting.</u></p>	<p>Article 2.1</p> <p>The attendance and resolution in the shareholders' meeting shall be based on the shares.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p><u>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 one 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. If a shareholders meeting is held by means of visual communication network, the Company shall also announce the adjournment of the shareholders meeting on the visual networking platform.</u></p> <p><u>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 Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. If a shareholders meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall re-register with the Company in accordance with Article 2 herein.</u></p>		
<p>Article 2.3 Shareholders' meeting will be held at the Company's premise or a suitable location for the convenience of the shareholders. The starting time of the shareholders' meeting should not be before 9:00am or after 3:00pm.</p> <p><u>When the Company convenes a shareholders meeting by means of visual communication network, it is not subject to the restrictions on the venue for a shareholders meeting</u></p>	<p>Article 2.3 Shareholders' meeting will be held at the Company's premise or a suitable location for the convenience of the shareholders. The starting time of the shareholders' meeting should not be before 9:00am or after 3:00pm.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
mentioned in the preceding paragraph.		
<p>Article 2.4 The Company should have the proceeding of the shareholders' meeting from the shareholder's reporting to meeting, meeting in session, to votes counting recorded in audio or video uninterruptedly.</p> <p>The audio-visual materials referred to above shall be kept for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.</p> <p><u>When a shareholders meeting is held by means of visual communication network, the Company shall record and retain the shareholders' registration, sign-in, attendance registration, questions, voting, and vote counting results and make uninterrupted audio and video recording of the shareholders meeting.</u></p> <p><u>The information and the audio and video recording mentioned in the preceding paragraph shall be properly retained by the Company throughout the life of the Company, and the audio and video recording shall be sent to an institution that is entrusted to handle video conferencing affairs for retention.</u></p> <p><u>When a shareholders meeting is held by means of visual communication network, the Company shall make an audio and video recording of the backend user interface of the visual networking platform.</u></p>	<p>Article 2.4 The Company should have the proceeding of the shareholders' meeting from the shareholder's reporting to meeting, meeting in session, to votes counting recorded in audio or video uninterruptedly.</p> <p>The audio-visual materials referred to above shall be kept for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.</p>	According to the governing law and regulations
<p>Article 2.5 <u>When the Company holds a shareholders meeting by means of visual communication network, it shall specify the following matters in the shareholders meeting notice:</u> <u>(1)Methods for shareholders to attend and exercise their rights in a shareholders meeting held by means of visual</u></p>		According to the governing law and regulations

After amendment	Before amendment	Remark
<p><u>communication network.</u></p> <p><u>(2)Methods for handling obstacles to the visual networking platform or attendance at a shareholders meeting by means of visual communication network due to natural disasters, incidents, or other force majeure circumstances, including but not limited to:</u></p> <p><u>a. Where the aforesaid obstacles cannot be removed, the Company shall set a time limit for the postponement or reconvention of the shareholders meeting, as well as the date for the postponed or reconvened shareholders meeting if applicable.</u></p> <p><u>b. Shareholders who have not registered to attend the original shareholders meeting by means of visual communication network shall not attend the postponed or reconvened shareholders meeting.</u></p> <p><u>c. When the Company holds a video-assisted shareholders meeting and fails to proceed with the meeting by means of visual communication network, the shareholders meeting shall continue if the number of shares held by the attending shareholders, after deducting the number of shares held by shareholders attending the meeting by means of visual communication network, reaches the quorum. For shareholders attending the meeting by means of visual communication network, the number of shares held by them shall be included in the total number of shares held by the attending shareholders, but they shall be deemed to have waived their rights with respect to all proposals in the shareholders meeting.</u></p> <p><u>d. Methods for handling the situation where all proposals have been resolved without extraordinary motions.</u></p>		

After amendment	Before amendment	Remark
<p>(3)When convening a shareholders meeting by means of visual communication network, the Company shall specify appropriate alternatives for shareholders who may have difficulty attending the meeting by means of visual communication network.</p>		
<p>Article 6 The attending shareholders who wish to speak at the meeting must first fill out the speech note with the gist, shareholders account number, and name detailed to the Chairman in advance and the Chairman shall prioritize the speaking order. Attending shareholders who have submitted a speech note but failed to give a speech at the meeting is deemed as a non-speaker. If the speech made by the shareholder differs from the contents of the speech note submitted, the speech shall prevail. The attending shareholders may not interrupt the speaking shareholder without the consent of the Chairman and the speaking shareholder. The Chairman must have the interfering shareholder restrained from interrupting the speaking shareholder’s speech. <u>If a shareholders meeting is held by means of visual communication network, shareholders attending the meeting by means of visual communication network may ask questions in text form on the visual networking platform after the chair declares the commencement of the meeting and before the chair declares the adjournment of the meeting. Up to two questions may be asked per proposal, with each question limited to 200 words. The provisions of Paragraphs 1 to 3 do not apply.</u> <u>If the questions mentioned in the preceding paragraph do not violate the regulations or go beyond the scope of the proposal, the Company shall make the</u></p>	<p>Article 6 The attending shareholders who wish to speak at the meeting must first fill out the speech note with the gist, shareholders account number, and name detailed to the Chairman in advance and the Chairman shall prioritize the speaking order. Attending shareholders who have submitted a speech note but failed to give a speech at the meeting is deemed as a non-speaker. If the speech made by the shareholder differs from the contents of the speech note submitted, the speech shall prevail. The attending shareholders may not interrupt the speaking shareholder without the consent of the Chairman and the speaking shareholder. The Chairman must have the interfering shareholder restrained from interrupting the speaking shareholder’s speech.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p><u>questions public on the visual networking platform.</u></p>		
<p>Article 12 The vote on the motion, unless otherwise provided by the Company Law, is approved by the attending shareholders with a majority shareholding. If there is no objection raised when the Chairman consulted the attending shareholders, it is deemed as approved and the effect is same as voting.</p> <p><u>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.</u></p>	<p>Article 12 The vote on the motion, unless otherwise provided by the Company Law, is approved by the attending shareholders with a majority shareholding. If there is no objection raised when the Chairman consulted the attending shareholders, it is deemed as approved and the effect is same as voting.</p>	<p>According to the governing law and regulations</p>
<p><u>Article 12.3</u> <u>When the Company convenes a shareholders meeting by means of visual communication network, shareholders attending the meeting by means of visual communication network shall vote on the proposals and the election on the visual networking platform after the chair announces the commencement of the meeting and before the chair announces the close of voting. Shareholders failing to vote before the said time limit will be deemed to have abstained.</u></p> <p><u>If a shareholders meeting is held by means of visual communication network, votes shall be counted at a time after the chair announces the close of voting, followed by the announcement of voting and election results.</u></p> <p><u>When the Company holds a video-assisted</u></p>	<p>None</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p><u>shareholders meeting, shareholders who have registered to attend the meeting by means of visual communication network in accordance with Article 2 and intend to attend the meeting in person shall cancel the registration in the same manner as registration two days before the shareholders meeting; shareholders who fail to cancel the registration within the said time limit may only attend the shareholders meeting by means of visual communication network.</u></p> <p><u>Shareholders who exercise their voting rights by correspondence or electronically without revoking their intentions and attend the shareholders meeting by means of visual communication network shall not exercise their voting rights with respect to the original proposals, propose amendments to the original proposals, or exercise their voting rights with respect to the amendments to the original proposals, except for extraordinary motions.</u></p>		
<p>Article 16</p> <p>The resolutions reached in the shareholders' meeting should be documented in the minutes of meeting for the signature or seal of the Chairman; also the minutes of meeting should be distributed to all shareholders within twenty days after the meeting. The Company's minutes of meeting can be distributed to shareholders by an announcement after the public offering of the Company's shares.</p> <p>The preparation and distribution of the minutes of meeting referred to above can be completed in an electronic form.</p> <p><u>If a shareholders meeting is held by means of visual communication network, the minutes at the shareholders meeting shall record the start and end time of the meeting, the method of convening the meeting, and the names of the chairman and the minute</u></p>	<p>Article 16</p> <p>The resolutions reached in the shareholders' meeting should be documented in the minutes of meeting for the signature or seal of the Chairman; also the minutes of meeting should be distributed to all shareholders within twenty days after the meeting. The Company's minutes of meeting can be distributed to shareholders by an announcement after the public offering of the Company's shares.</p> <p>The preparation and distribution of the minutes of meeting referred to above can be completed in an electronic form.</p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p>taker, as well as the methods and results of <u>handling obstacles to the visual networking platform or attendance by means of visual communication network due to natural disasters, incidents, or other force majeure circumstances, in addition to matters mentioned in the preceding paragraph.</u></p> <p><u>When the Company convenes a shareholders meeting by means of visual communication network, it shall specify in the meeting minutes the alternatives provided for shareholders who have difficulty attending the meeting by means of visual communication network while complying with the provisions of the preceding paragraph.</u></p>		
<p>Article 17</p> <p><u>If a shareholders meeting is held by means of visual communication network, the Company shall immediately disclose the voting results of the proposals and the election results on the visual networking platform in accordance with the regulations and shall maintain their availability for at least fifteen minutes after the chair announces the adjournment of the meeting.</u></p>	<p>Article 17</p> <p><u>The matters that are not addressed in the “Rules of Procedure for Shareholders’ Meetings” should be processed in accordance with the Company Law and the related regulations.</u></p>	<p>According to the governing law and regulations</p>
<p>Article 18</p> <p><u>When the Company holds a shareholders meeting by means of visual communication network, the chair and the minute taker shall be at the same place domestically, and the chair shall announce the address of the place at the time of the meeting.</u></p>	<p>Article 18</p> <p><u>The “Rules of Procedure for Shareholders’ Meetings” is in effect after it is passed in the shareholders’ meeting, same for the amendments made.</u></p>	<p>According to the governing law and regulations</p>
<p>Article 19</p> <p><u>If a shareholders meeting is held by means of visual communication network, the chair shall, when announcing the commencement of the meeting, also announce that, should the meeting be adjourned due to obstacles to the visual networking platform or attendance by means of visual communication network</u></p>	<p>Article 19</p> <p><u>These Procedures were established on May 3, 1997.</u></p> <p><u>The 1st amendment was made on April 24, 1999.</u></p> <p><u>The 2nd amendment was made on May 30, 2002.</u></p> <p><u>The 3rd amendment was made on June</u></p>	<p>According to the governing law and regulations</p>

After amendment	Before amendment	Remark
<p><u>that are caused by natural disasters, incidents, or other force majeure circumstances and last for more than thirty minutes, the meeting shall be postponed or reconvened within five days, as well as the date for the postponed or reconvened meeting, except for the circumstances where there is no need to postpone or reconvene the shareholders meeting as stipulated in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Article 182 of the Company Act does not apply.</u></p> <p><u>Where a shareholders meeting is postponed or reconvened as mentioned in the preceding paragraph, shareholders who have not registered to attend the original shareholders meeting by means of visual communication network shall not attend the postponed or reconvened meeting.</u></p> <p><u>If shareholders who have registered to attend the original shareholders meeting by means of visual communication network and completed the attendance registration fail to attend the shareholders meeting that is adjourned or reconvened in accordance with Paragraph 1, the number of shares held by them and their voting rights and election rights exercised at the original shareholders meeting shall be included in the total number of shares and voting rights and election rights held by the attending shareholders in the adjourned or reconvened meeting.</u></p> <p><u>When a shareholders meeting is postponed or reconvened in accordance with Paragraph 1, there is no need to discuss and resolve again on the proposals whose voting results have been announced after voting and counting of votes or from which a list of elected directors have been announced.</u></p> <p><u>When the Company holds a video-assisted shareholders meeting and fails to proceed with the meeting by means of visual</u></p>	<p><u>16, 2006.</u></p> <p><u>The 4th amendment was made on May 18, 2010</u></p> <p><u>The 5th amendment was made on June 13, 2012.</u></p>	

After amendment	Before amendment	Remark
<p><u>communication network, the shareholders meeting shall continue if the number of shares held by the attending shareholders, after deducting the number of shares held by shareholders attending the meeting by means of visual communication network, reaches the quorum. There is no need to postpone or reconvene the shareholders meeting in accordance with Paragraph 1.</u></p> <p><u>If a shareholders meeting shall continue in accordance with the preceding paragraph, the number of shares held by shareholders attending the meeting by means of visual communication network shall be included in the total number of shares held by the attending shareholders; however, shareholders who attend the shareholders meeting by means of visual communication network shall be deemed to have waived their rights with respect to all proposals in the meeting.</u></p> <p><u>When the Company postpones or reconvenes a shareholders meeting in accordance with Paragraph 1, it shall make preparations for the meeting based on the date of the original shareholders meeting and in accordance with Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. The Company shall base the periods prescribed in the latter part of Article 12 and Paragraph 3, Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and in Paragraph 2, Article 44-5, Article 44-15, and Paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies on the date for the shareholders meeting postponed or reconvened in accordance with Paragraph 1.</u></p>		
<p><u>Article 20</u> <u>When the Company convenes a shareholders</u></p>	None	According to the

After amendment	Before amendment	Remark
<u>meeting by means of visual communication network, it shall provide appropriate alternatives for shareholders who have difficulty in attending the shareholders meeting by means of visual communication network.</u>		governing law and regulations
<u>Article 21</u> <u>The matters that are not addressed in the “Rules of Procedure for Shareholders’ Meetings” should be processed in accordance with the Company Law and the related regulations.</u>		According to the governing law and regulations
<u>Article 22</u> <u>The “Rules of Procedure for Shareholders’ Meetings” is in effect after it is passed in the shareholders’ meeting, same for the amendments made.</u>		According to the governing law and regulations
<u>Article 23</u> <u>These Procedures were established on May 3, 1997.</u> <u>The 1st amendment was made on April 24, 1999.</u> <u>The 2nd amendment was made on May 30, 2002.</u> <u>The 3rd amendment was made on June 16, 2006.</u> <u>The 4th amendment was made on May 18, 2010</u> <u>The 5th amendment was made on June 13, 2012.</u> <u>The 6th amendment was made on May 26, 2017.</u> <u>The 7th amendment was made on May 26, 2021.</u>		Update the date of the amendment

APPENDICES

III. Appendices

< Appendix I >

Corporate Charter (Articles of Incorporation) (Before Amendment)

Chapter 1 General Rules

Article 1 : The Company was organized in accordance with the provisions of the Company Law and was known as “Advantech Co., Ltd.”

Article 1.1 : When conducting its business, every company shall comply with the laws and regulations as well as business ethics and may take actions, which will promote public interests in order to fulfill its social responsibilities.

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

1. CC01060 Wire communications machinery and equipment manufacturing
2. CC01070 Wireless communications machinery and equipment manufacturing
3. CC01080 Electronic Components Manufacturing
4. CC01110 Computer and peripheral equipment manufacturing
5. CE01010 General equipment manufacturing
6. E605010 Computer equipment installation industry
7. EZ05010 Instrument and meters installation engineering
8. I301010 IT software services industry
9. I301020 Data processing services
10. I301030 Electronic information supply services
11. CC01101 RF controlled telecommunications equipment manufacturing
12. F401021 RF controlled telecommunications equipment importing
13. IG03010 Energy and Technical Services
14. CC01030 Electrical appliances and audio-video electronic products manufacturing
15. F113020 Electrical appliances wholesale
16. F213010 Electrical appliances retail
17. CF01011 Medical Devices Manufacturing.
18. ZZ99999 In addition to the licensed businesses, may conduct other businesses that are not prohibited or restricted.

Article 2.1 : The Company for business needs may conduct the making of endorsement and guarantee.

Article 3 : The Company’s headquarters is in Taipei and may setup offshore branches with the resolution of the board of directors.

Article 4 : The Company may have announcements made in accordance with Article 28 of the Company Law.

Chapter 2 Shares

Article 5 : The Company’s total capital amounted to NT10 billion with 1 billion shares authorized at NT\$10 par. The board of directors is authorized to have stock shares issue separately. For the total capital referred to above, NT\$500 million is reserved for exercising stock option with warrant or bonds with attached warrants. The Company has stock shares transferred to employees at a price below the average repurchase price; also, the transaction prior to the transfer of shares should be presented in the most recent shareholders’ meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.

Article 5.1 : When the Company issuing employee warrants at a price below the Company’s

common stock closing price on the issuing date, the transaction of share issuance should be presented in the shareholders' meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.

Article 5.2 : The entitled transferees who receive the shares bought by the Company based on Article 167-1 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The entitled transferees who receive share subscription warrants based on Article 167-2 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The employees who are entitled to subscribe new shares or restricted stock issued by the Company based on Article 267 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

Article 6 : Deleted

Article 6.1 : Deleted

Article 7 : The Company is exempted from having the stock shares printed out after issuance; however, the Company should contact the securities depository and clearing institution for registration.

Article 8 : The registration for any change made to the Shareholder Registry should be ceased 60 days prior to the general shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the Company's deciding to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' meeting

Article 9 : Shareholders' meeting includes general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is held annually and it is convened by the board of directors lawfully six months after the fiscal year. Extraordinary shareholders' meeting is convened when it is necessary.

Article 10 : Shareholders who are unable to attend the shareholders' meeting in person may have a representative appointed to attend the meeting by issuing the proxy that is printed by the Company with the scope of authorization specified and then signed or sealed. The proxy referred to above is regulated in accordance with the "Regulations for the Use of Proxies for Shareholders' Meeting of Public Companies."

Article 11 : It is one voting right per share for the shareholders of the Company, except for those subject to restrictions or those who have no voting right according to the Company Law.

Article 12 : The resolution reached in the shareholders' meeting, unless otherwise provided by law, can be enforced after being presented in the shareholders' meeting that is attended by a majority of shareholders in person or by proxy and approved by the attending shareholders with a majority shareholding.

Chapter 4 Directors

Article 13 : The company has seven ~ nine directors. Nominated for a term of three years and they are elected from the capable candidates in the shareholders' meeting; also, they can be re-elected. There must be at least two independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The independent directors are to be elected from the candidates in the shareholders' meeting. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.

- Article 13.1 : The exercise of power by the board of directors is as follows:
1. The elaboration of the Corporate Charter
 2. The elaboration of the Company's business plan
 3. The elaboration of the Company's profit distribution
 4. The elaboration of the Company's capital increase and decrease
 5. The review and approval of the Company's budget and the preparation of the Company's final account
 6. The elaboration of the acquisition and disposal of fixed assets by the Company and the investment in other businesses
 7. The powers endowed in accordance with the law and regulations and in the shareholders' meeting
- Article 13.2 : The Company has established an Audit Committee based on Article 14-4 of Securities and Exchange Act.
- Article 13.3 : The total shares of the Company held by all directors to be processed in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the competent authorities.
- Article 13.4 : The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.
- Article 13.5 : The board of directors is authorized to deliberate and determine the remuneration of all directors according to their participation in and contribution to the Company's business operation and by referring to the remuneration standard of the domestic industry.
- Article 13.6 : The Audit Committee of the Company fully consists of independent directors. The exercise of powers and related matters by the Committee and its members shall be performed in accordance with the laws and regulations stipulated by the competent authority.
- Article 14 : The Board of Directors is formed by the directors. The Chairman is elected by a majority of the attending directors at the board meeting that is attended by two thirds of the directors.
- Article 14.1 : Meetings of the board of directors shall be convened by the chairman of the board of directors.
The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors.
If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph, the proposing directors may convene a meeting of board of directors on their own.
- Article 14.2 : The Company may at any time in case of emergency convene a board meeting and with the directors informed in writing or by E-mail or fax.
- Article 15 : When the Chairman is unable to exercise powers due to a leave or for other reasons, the matter regarding the deputy of the Chairman should be handled in accordance with Article 208 of the Company Law.
- Article 15.1 : The resolutions of the board of directors, unless otherwise provided by the Company Law and the Corporate Charter, shall be exercised with the consent of a majority of the attending directors at the board meeting that is attended by a majority of the directors. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director in writing to attend the board meetings; however, the above mentioned proxy should be issued each time with the scope of authorization detailed to have one and only deputy delegated.

Article 16 : Deleted

Chapter 5 Managers

Article 17 : The Company may have several managers appointed; also, the appointment, dismissal, and remuneration should be processed in accordance with Article 29 of the Company Law.

Chapter 6 Accountant

Article 18 : The Company's board of directors shall at the end of each fiscal year have the following composed (1) Business Report (2) Financial Reports (3) Profit Distribution Proposals for acknowledgement in the shareholders' meeting.

Article 19 : Deleted

Article 19.1 : The Company engages in high-tech computer and Internet-related industries and is in the growth stage of the business life cycle. In response to the overall business environment and industry growth characteristics and the pursuit of the Company's sustainable development, the long-term interests of shareholders, the stable operating performance goal, and the stable growth of earnings per share in accordance with the Company's future capital expenditure budget and fund needs, the Company's stock dividend distribution is limited to 75% of the total dividend planned for distribution.

Article 20 : The Company may, by a resolution adopted by a majority vote at the meeting of the Board of Directors attended by two-thirds of total members, have the profit value not less than 5% of the total Company's surplus (if any) distributable as employees' compensation distributed in the form of shares or in cash. The entitled transferees who receive the compensation include the employees of parents or subsidiaries of the company meeting certain specific requirements. The remuneration for Directors with the maximum value as 1% of the above-mentioned Company's surplus may be distributable by a resolution adopted by the Board of Directors. The proposed bonus to employees and remuneration to directors should be presented in the shareholders' meeting for a resolution. If the company is with accumulated losses, an amount for making up the losses should be reserved in advance before appropriating bonus to employees and remuneration to directors according to the ratio referred to above.

Article 20.1 : The Company's reinvestment may exceed 40% of the paid-in capital and with the board of directors authorized to execute it.

Article 20.2 : The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However when the legal reserve amount has reached the one of the paid-in capital of the Company, this shall not apply. The balance shall be accounted or reversed to special reserve based on legal regulations, and accumulated to undistributed earnings (if any further balance exists after the accounting or reversal). The Board of Directors shall draft the proposal for surplus distribution. Such surplus is distributable by a resolution adopted by the shareholders' meeting if adopt distribution approach in the form of shares, and a resolution adopted by the Board of Director if adopting the approach in cash.

The company's dividend policy is formed under the consideration of its future funding demands and long-term financial planning as well as the interests of shareholders to distribute at least 30% of available profits for revenue allocation as dividends to shareholders annually; and among them, the distribution of cash dividends shall not be less than 20% of the total dividend distribution amount of that particular year.

Chapter 7 Annexes

- Article 21 :** The matters that are not addressed in the Corporate Charter should be processed in accordance with the Company Law and the related regulations.
- Article 22 :** The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are omitted).
The 21st amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003.
The 22nd amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003.
The 23rd amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005.
The 24th amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005.
The 25th amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006.
The 26th amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007.
The 27th amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008.
The 28th amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009.
The 29th amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010.
The 30th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.
The 31st amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012.
The 32nd amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.
The 33rd amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.
The 34th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2016.
The 35th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2017.
The 36th amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2018.
The 37th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2019.
The 38th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2020.
The 39th amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2021.

Advantech Co., Ltd.
Procedures for the Acquisition and Disposal of Assets
(before Amendment)

- Chapter I** General Principles
- Article 1** : The Company's Procedures for the Acquisition and Disposal of Assets (these Procedures) are established in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the regulations of Financial Supervisory Commission (the FSC).
- Article 2** : The companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.
- Article 3** : The term "assets" as used in these Procedures includes the following:
1. 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.
 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 9. Other major assets.
- Article 4** : Terms used in these Regulations are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage 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" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, 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 Article 156-3 of the Company Act.
 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, 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.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. 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.
9. 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.

Article 5 : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. 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.
2. May not be a related party or de facto related party of any party to the transaction.
3. 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:

1. Prior to accepting a case, they shall prudently assess their own professional

capabilities, practical experience, and independence.

2. 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.
3. 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.
4. 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.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 : After these Procedures have been approved by more than half of all Audit Committee members and the Board of Directors, they shall be submitted to the shareholders' meeting for approval; the same applies when these Procedures are amended. When these Procedures are reported to the Board of Directors for discussion, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. When these Procedures are adopted or amended, they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 7 : The Limit of Investment in Non-business Real Property and Securities

The limit of the above assets acquired by the Company and its subsidiaries is set up respectively as follows:

1. The total amount of non-business real property and short-term securities purchased by the Company shall be no more than 30% of the Company's shareholders' equity and the investment of short-term securities shall be no more than 10% of the Company's shareholders' equity.
2. The total amount of non-business real property and short-term securities purchased by each subsidiary of the Company and the respective investment of right-of-use assets or securities shall be no more than each subsidiary's shareholders' equity.
3. The total amount of long-term securities invested by the Company shall be no more than its capital and the investment in a single company (actual invested funds) shall be no more than 40% of the Company's capital.
4. The total amount of long-term securities invested by each subsidiary of the Company and the respective investment in a single company (actual invested funds) shall be no more than its capital.

Article 8 : The Company's acquisition or disposal of assets shall be approved by the Board of Directors under the Company's procedures or other laws or regulations. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When a transaction involving the acquisition or disposal of assets is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Major assets or derivatives transactions shall be approved by more than half of all Audit Committee members and reported to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members is not obtained, these procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Section 2 Acquisition or Disposal of Assets

Article 9 : In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent 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 thereof held for business use, 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:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. 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 engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

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

Article 10 : Procedures for Acquisition or Disposal of Securities

1. Evaluation and Operating Procedures

The transaction processes of securities shall be handled in accordance with the operating procedures for investment circulation in the Company's internal control system.

2. Procedures for Determining Trading Terms and Conditions and Authorization Limit

- (1) The trading terms and conditions and authorization limit of securities traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the responsible unit based on the market condition and the Company's authorization limit and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.

- (2) The trading terms and conditions and authorization limit of securities not traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) shall be determined by the Company by obtaining financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the trading price and taking into account the net value per share, profitability, and trend of future development and handled by the related unit supervisors. The amount of each transaction exceeding NT\$300 million shall be reported to the Board of Directors for approval.

- (3) The acquisition of money market funds with fixed income shall be approved by the authorized financial officer.

3. Units Responsible for Implementation

After the investment in securities is approved based on the authorization limit of the Company, the finance unit is responsible for implementation.

4. Expert Opinion

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for 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 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.

- (2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations,

with this Corporation as a sponsor of the issue.

- (3) Securities issued by an investee company wholly invested by this Corporation that is carrying out a cash capital increase, with this Corporation as a sponsor of the issue.
- (4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.
- (5) Government bonds or bonds in repurchase or reverse purchase agreements.
- (6) Domestic funds or overseas funds.
- (7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- (8) Securities acquired through this Corporation's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.
- (9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249.
- (10) Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

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

Article 11 : Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12 : The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Paragraph 2 of Article 30, 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 CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13 : Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section 3 Related Party Transactions

Article 14 : When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 12.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11.1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15 : When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, regardless of the amount, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party at the amount reaching 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31 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 audit committee need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 9 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

When a matter is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into

full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, these procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 16 : The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon 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, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply 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 purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

A public company that 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 engage a CPA to check the appraisal and render a specific opinion.

Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. 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.
4. The real property right-of-use assets for business use are acquired by the public 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 17 : When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where 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 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.

(2) Completed transactions by unrelated parties within the preceding year involving other floors 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.

2. Where a public 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 preceding year.

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 percent of the property in the planned transaction; 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 18 : Where a public 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 uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. The Audit Committee shall comply with Article 218 of the Company Act.

Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.

3. 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 any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in 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 confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Section IV Engaging in Derivatives Trading

Article 19 : The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading Principles and Policies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal audit system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article 20 : The company engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. The personnel that deal with the transaction of derivatives, make confirmation of these transactions and make settlements of these transactions shall not be the same.
3. The evaluation, supervision and control of risk-related matters also shall be reported by persons from a different department to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or position.
4. The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.
5. Other important risk management measures.

Article 21 : Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent

with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the Procedures for Engaging in Derivatives Transactions formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest board meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Transactions.

Article 22 : The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 19 and Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 20 shall be recorded in detail in the log book.

A public company's internal audit personnel 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 Audit Committee shall be notified in writing.

Section V
Article 23 : Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares
The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness 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, an opinion rendered by an expert on the reasonableness of a merger with subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company or a merger between subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company may be exempted.

Article 24 : The Company participating in a merger, demerger, acquisition, or transfer of shares 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 the first paragraph 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, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution

due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 25 : A company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic 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.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. 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.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 26 : Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 27 : The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger,

acquisition, or transfer of shares:

1. 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.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 28 : The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. 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.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 29 : After public disclosure of the information, 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.

Article 30 : Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

Chapter III Public Disclosure of Information

Article 31 : Procedures for Public Disclosure of Information

Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as

prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where 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 and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, 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.
6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1). Trading of domestic government bonds.
 - (2). Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - (3). 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 above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty

within the preceding year.

3. 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.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

A public 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 domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 32 :

Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 33 :

Subsidiaries of the Company shall comply with the following regulations:

1. A subsidiary of the Company shall acquire or dispose of assets in accordance with these Procedures.
2. Information required to be publicly announced and reported in accordance with the provisions of these Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

Article 34 :

These Procedures were established on May 3, 1997.

The 1st amendment was made on November 29, 1999.

The 2nd amendment was made on May 30, 2002.

The 3rd amendment was made on May 2, 2003.

The 4th amendment was made on May 27, 2004.
The 5th amendment was made on June 16, 2006.
The 6th amendment was made on June 15, 2007.
The 7th amendment was made on June 13, 2012.
The 8th amendment was made on June 18, 2014.
The 9th amendment was made on May 26, 2017.
The 10th amendment was made on May 28, 2019.

Advantech Co., Ltd.
Rules and Procedure for Shareholders' Meetings
(before Amendment)

- Article 1 : The process of the Company shareholders' meeting is subject to the "Rules of Procedure for Shareholders' Meetings."
- Article 2 : The Company shall include the information of shareholders reporting time, reporting place, and others on the written notice.
The shareholder's reporting to meeting referred to above should be processed at least thirty minutes before the meeting in session; there should be clearly marked signs at the reporting place with sufficient and competent staff at the place to assist.
The shareholders or the shareholders' commissioned representatives (hereinafter referred to as "the Shareholders") shall attend the meeting with the attendance certificate, attendance cards, or other identification documents presented; the proxies shall attend the meeting with the identity documents presented for verification.
The shareholders or the shareholders' commissioned representatives while attending the meeting should sign on the attendance registry or submit the attendance card instead; also, the number of attending shares is calculated in accordance with the number of shares documented on the attendance card.
- Article 2.1 : The attendance and resolution in the shareholders' meeting shall be based on the shares.
- Article 2.2 : The Company may assign the commissioned lawyer, accountant, or the relevant personnel to attend the shareholders' meeting.
- Article 2.3 : Shareholders' meeting will be held at the Company's premise or a suitable location for the convenience of the shareholders. The starting time of the shareholders' meeting should not be before 9:00am or after 3:00pm.
- Article 2.4 : The Company should have the proceeding of the shareholders' meeting from the shareholder's reporting to meeting, meeting in session, to votes counting recorded in audio or video uninterruptedly.
The audio-visual materials referred to above shall be kept for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.
- Article 3 : The Chairman may officially hold the meeting when shareholders holding over half of the total number of issued shares are present, and announce the relevant information such as the number of shares with non-voting rights and the number of shares of attendees. If the attending shareholders are without the statutory shareholding but with one thirds of the total number of shares issued after two postpones (30 minutes per postpone), it can be processed in accordance with Article 175 of the Company Law and a pseudo resolution can be reached with the consent of a majority votes. For the proceeding referred to above, if the attending shareholders qualify the statutory shareholding, the Chairman may announce the meeting in session at any time and has the pseudo resolution submitted in the shareholders' meeting for ratification.

- Article 4 : The shareholders' meeting should be conducted in accordance with the procedures prescribed in the agenda and no change can be made without a resolution reached in the shareholders' meeting. The agenda is drafted up in accordance with the following provisions:
1. General shareholders' meeting: The agenda is to be drafted up by the Board of Directors.
 2. Extraordinary shareholders' meeting: The agenda is to be drafted up by the authorized convening department.
- The Chairman may not announce to have the meeting adjourned before the proposals (including motions) in the two agenda referred to above resolved. Once the meeting is adjourned, shareholders may not elect another Chairman to continue the meeting at the current meeting place or another location.
- Article 5 : The Chairman may announce to have a recess during the meeting in session.
- Article 6 : The attending shareholders who wish to speak at the meeting must first fill out the speech note with the gist, shareholders account number, and name detailed to the Chairman in advance and the Chairman shall prioritize the speaking order.
- Attending shareholders who have submitted a speech note but failed to give a speech at the meeting is deemed as a non-speaker. If the speech made by the shareholder differs from the contents of the speech note submitted, the speech shall prevail.
- The attending shareholders may not interrupt the speaking shareholder without the consent of the Chairman and the speaking shareholder. The Chairman must have the interfering shareholder restrained from interrupting the speaking shareholder's speech.
- Article 7 : The motions should be discussed in accordance with the prioritized agenda. For any violation against the planned procedures or agenda, the Chairman may immediately stop the speaking shareholder and announce ending the discussion in due course or ceasing the discussion when it is necessary.
- Article 8 : The shareholder is to have the proposal explained in five minutes and the Chairman or the personnel designated by the Chairman are to answer the questions of the shareholders. The inquiry or reply of the shareholder is limited to three minutes unless it is otherwise permitted by the Chairman.
- Article 9 : Deleted
- Article 10 : Each shareholder may not speak more than twice on the same proposal and five minutes each time. For any violation against the planned procedures or agenda referred to above, the Chairman may immediately stop the speaking shareholder.
- Article 10.1 : The legal person attending the shareholders' meeting by proxy may have only one representative designated to attend the meeting.
- For the two or more representatives designated by the legal person shareholder to attend the meeting, only one of them may speak on the same proposal.
- Article 11 : The proposal that is announced by the Chairman ceased for discussion should be put to vote for a resolution. The voting right of each shareholder is calculated in accordance with the Corporate Charter.
- Article 12 : The vote on the motion, unless otherwise provided by the Company Law, is approved by the attending shareholders with a majority shareholding.
- All relevant proposals of the shareholders' meeting (including ad hoc motions and amendments to the original proposals) shall be voted on a case-by-case basis, and an adequate voting time period shall be arranged.

- Article 12.1 : The Chairman is to have the amendment or substitute of a motion consolidated and prioritized its voting order. When one of the motions is passed, the other motions shall be deemed as vetoed without the need of further voting.
- Article 12.2 : The Chairman is to have ballot inspectors and tellers designated for the vote on motions. Ballot inspectors must be a shareholder of the Company. The results of the vote should be announced in the meeting and recorded.
- Article 13 : For the shareholders attending the shareholders' meeting by proxy, except for the agencies for trust businesses or stock services approved by the securities authorities, when one person delegated by more than two shareholders at the same time, the voting rights by proxy shall not exceed 3% of the total number of voting rights issued; also, the number of voting right exceeding the threshold will not be accounted for.
- Article 14 : The shareholders who may have a conflict of interest regarding a motion to be resolved in the shareholders' meeting may not vote on the said motion and may not exercise voting right on behalf of other shareholders by proxy.
- Article 14.1 : When the election of directors is planned to be held at the shareholders' meeting, it shall be implemented in accordance with the relevant election regulations specified by the Company and shall announce the results of the election on-site, including the lists of elected directors and unelected directors and supervisors as well as their respective obtained votes.
The ballots casted in the election referred to above shall be sealed and signed by the ballot inspectors for safekeeping for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.
- Article 15 : The meeting in session should be suspended in case of air raid drill and the meeting should be resumed in one hour after the evacuation alert is lifted.
- Article 15.1 : The Chairman may direct pickets (or security guards) to assist maintaining the order at the meeting place. The pickets (or security guards) who are at the meeting place to assist maintaining order should wear the "picket" armband.
- Article 16 : The resolutions reached in the shareholders' meeting should be documented in the minutes of meeting for the signature or seal of the Chairman; also the minutes of meeting should be distributed to all shareholders within twenty days after the meeting. The Company's minutes of meeting can be distributed to shareholders by an announcement after the public offering of the Company's shares.
The preparation and distribution of the minutes of meeting referred to above can be completed in an electronic form.
- Article 17 : The matters that are not addressed in the "Rules of Procedure for Shareholders' Meetings" should be processed in accordance with the Company Law and the related regulations.
- Article 18 : The "Rules of Procedure for Shareholders' Meetings" is in effect after it is passed in the shareholders' meeting, same for the amendments made.
- Article 19 : The "Rules of Procedure for Shareholders' Meetings" was established on May 3, 1997.
The 1st amendment of the "Rules of Procedure for Shareholders' Meetings" was made on April 24, 1999.
The 2nd amendment of the "Rules of Procedure for Shareholders' Meetings" was made on May 30, 2002.
The 3rd amendment of the "Rules of Procedure for Shareholders' Meetings" was made on June 16, 2006.

The 4th amendment of the “Rules of Procedure for Shareholders’ Meetings” was made on May 18, 2010.

The 5th amendment of the “Rules of Procedure for Shareholders’ Meetings” was made on June 13, 2013.

The 6th amendment of the “Rules of Procedure for Shareholders’ Meetings” was made on June 13, 2017.

The 7th amendment of the “Rules of Procedure for Shareholders’ Meetings” Was made on June 13, 2021.

< Appendix IV >

Current Shareholding of Directors

1. The paid-in capital of the Company is NTD 7,758,374,110 , with a total of 775,837,411 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 24,826,797 shares.
3. As of the date for suspending the share transfer for this shareholders meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

March 28, 2022

Title	Name	Representative	Shareholding on the shareholder's registry	
			Shares	% Ratio (%)
Chairman	K.C. Liu		28,179,467	3.63%
Director	Advantech Foundation.	Chaney Ho	22,314,809	2.87%
Director	AIDC Investment Corp.	Donald Chang	90,295,663	11.64%
Director	K and M Investment Co., Ltd.	Wesley.Liu	91,369,108	11.78%
Independent Director	Jeff Chen		0	0
Independent Director	Benson Liu		0	0
Independent Director	Chan-Jane Lin		0	0
Total			232,159,047	29.92%