



**Stock Code: 6138**

# **Anpec Electronics Corporation**

## **2023 General Shareholders' Meeting**

### **Meeting Handbook** (Translation)

Date : June 21, 2023

Place : No. 6, Dusing 1st Road, Hsinchu Science Park, Hsinchu City

Type of Meeting : Physical shareholders' meeting

-----Disclaimer-----

This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese original and this translation, the Chinese version shall prevail.

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# **Anpec Electronics Corporation**

## **Procedure of the 2023 General Shareholders’ Meeting**

**1. Call the Meeting to Order**

**2. Chairman ’s Address**

**3. Report Items**

**4. Ratification Items**

**5. Discussion Items**

**6. Election Items**

**7. Other Proposals**

**8. Extemporary Motions**

**9. Adjournment**

# **Anpec Electronics Corporation**

## **Agenda of the 2023 General Shareholders’ Meeting**

Time : 9:00 a.m. on June 21, 2023 (Wednesday)

Place : No. 6, Dusing 1st Road, Hsinchu Science Park, Hsinchu City

Type of Meeting : Physical shareholders’ meeting

Chairman : Mr. Chih-Hsin, Wang, Chairman of the Board of Directors

1. Call the Meeting to Order

2. Chairman’s Address

3. Report Items

- (1) 2022 Business Report.
- (2) 2022 Audit Committee’s Review Report.
- (3) Report on the distribution of directors’ remuneration and employees’ compensation for 2022.
- (4) Report on the distribution of cash dividends from earnings for 2022.

4. Ratification Items

- (1) 2022 Business Report and Financial Statements.
- (2) Proposal for Distribution of 2022 Profits.

5. Discussion Items

- (1) Proposal for Issuance of Employee Restricted Stock Awards.

6. Election Items

- (1) To Elect eleven Directors (including four Independent Directors).

7. Other Proposals

(1) Proposal for Release the Prohibition on Directors from Participation in  
Competitive Business.

Voting on the above proposals

8. Extemporary Motions

9. Adjournment

# Report Items

## Report 1:

**Subject** : 2022 Business Report.

**Explanation:** Please refer to Attachment I (pages 12 to 18) of this handbook for the 2022 Business Report.

## Report 2:

**Subject** : 2022 Audit Committee's Review Report.

**Explanation:** Please refer to Attachment II (page 19) of this handbook for the Audit Committee's Review Report.

## Report 3:

**Subject** : Report on the directors' remuneration and employees' compensation for 2022.

**Explanation:** The pre-tax profit of the Company for 2022 was NT\$1,156,323,063, and the directors' remuneration of NT\$27,368,593 and employees' compensation of NT\$184,738,005 were allocated. All of them will be paid in cash and are in line with the provisions of the Articles of Association, and the amounts decided to be distributed are the same as the amounts listed in the account.

## Report 4:

**Subject** : Report on the distribution of cash dividends from earnings for 2022.

**Explanation:** (1) The Company's cash dividend to shareholders is NT\$662,242,500, at NT\$9.00 per share. The distribution method is "unconditional rounding off below NT\$1," and the amount less than NT\$1 will be included in the Company's other income.

(2) The preceding mentioned distribution of cash dividends is proposed to be authorized to the Chairman by the Board of Directors to set the ex-dividend date.

(3) If there is any subsequent change in the dividend distribution rate due to a change in the number of issued and outstanding shares of the Company, the Chairman shall be authorized to handle it with full power. Please refer to Attachment IV (page 45) of this handbook for the Earnings Distribution Table.

## Ratification Items

### Proposal 1:

**Proposed by the Board of Directors**

**Subject** : Adoption of the 2022 Business Report and Financial Statements.

**Explanation:** The Parent Company Only Financial Statements and consolidated financial statements of the Company in 2022 have been audited by certified public accountants Cheng, Ya-Huei and Li, Tien-Yi of PwC Taiwan, approved by the 12<sup>th</sup> board meeting of the 9<sup>th</sup> term together with the business report on February 22, 2023, and have been audited by the Audit Committee with a Review Report issued. Please refer to Attachments I and III of this handbook (pages 12 to 18 and 20 to 44).

**Resolution:**

### Proposal 2:

**Proposed by the Board of Directors**

**Subject** : Adoption of the Proposal for distribution of 2022 Profits.

**Explanation:** According to the Articles of Incorporation of the Company, the annual cash dividend resolution level of the 2022 Earnings Distribution Table is the Board of Directors with reporting to be made to the shareholders' meeting, and the rest are to be submitted to the shareholders' meeting for resolution in accordance with Article 230 of the Company Act and the Articles of Incorporation of the Company. Please refer to Attachment IV of this handbook (page 45) for the Earnings Distribution Table.

**Resolution:**

## Discussion Items

### Proposal 1:

**Proposed by the Board of Directors**

**Subject** : Proposal for Issuance of Employee Restricted Stock Awards, please proceed and discuss.

### Explanation:

- (1) The Company plans to issue employee restricted stock awards in 2023 in accordance with Article 267 of the Company Act and the relevant provisions of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” issued by the Financial Supervisory Commission.
- (2) The explanation to the 2023 general shareholders’ meeting on the issuance of employee restricted stock awards are as follows:
  1. Total issue amount: The maximum amount is 1,200,000 ordinary shares, with a par value of NT\$10 per share and a total amount of NT\$12,000,000. It shall be declared and handled in one go or in installment within one year from the date of the resolution of the shareholders' meeting.
  2. Issuance conditions:
    - (1) Issue price: NT\$0 per share, i.e., no cash consideration and free distribution to employees.
    - (2) Vesting conditions: If an employee being allocated employee restricted stock awards is still in service after the expiration of the following periods and meets the performance required by the Company, the share proportion of the vesting conditions respectively achieved is as follows:
      - (2.1) Those who remain in service one year from the date of this issuance and are rated excellent in the performance evaluation in the current year of the issuance will receive 50% of the allocated employee restricted stock awards.
      - (2.2) Those who remain in service two years from the date of this issuance and are rated excellent in the performance evaluation in the next year of the issuance will receive 50% of the allocated employee restricted stock awards.
  - (3) Type of shares issued: new ordinary shares of the Company.
  - (4) Measures to be taken where employees fail to meet the vesting conditions or in the event of inheritance:

If employees allocated with employee restricted stock awards fail to meet the vesting conditions, and the Company will recover their shares free of charge and cancel them according to law. For exceptional events, the



Company will take measures as set forth in the Employee Restricted Stock Awards Rules.

3. Employee qualifications and number of shares allocated:

(1) Employee qualifications:

Limited to full-time employees of the Company. The number of shares allocated to each employee will be determined by considering factors such as their length of service, job position, job performance, overall contribution, special achievements, and other relevant management factors. After the proposal is approved by the Chairman, it will be submitted to the Board of Directors for approval. However, if such employees are Directors or Managers of the Company, the proposal must first be approved by the Remuneration Committee. For non-Directors or non-Managers, approval from the Audit Committee is required.

(2) Number of shares allocated:

For the number of shares allocated to a single employee, according to Article 56-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the number of employee stock options to a single subscriber plus the cumulative number of employee restricted stock awards that the subscriber has received shall not exceed 3/1000 of the total number of shares issued. In addition, according to Article 56-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the number of cumulative employee stock options to a single subscriber shall not exceed 1% of the total number of shares issued. However, those who have been approved by the competent authority of each central government agency for special projects shall not be subject to the above ratio limitation.

4. Necessary reasons for handling the employee restricted stock awards:

Attract and retain the technological and professional talents needed by the Company, and encourage employees' long-term service, loyalty, productivity and sense of belonging, so as to jointly create the interests of the Company and shareholders.

5. Amount that may be expensed and its effect of dilution on earnings per share and other shareholders' equity:

(1) Amount that may be expensed:

The Company shall measure the fair value of the shares on the grant date (issue date) and recognize the relevant expenses annually during the vesting period. In 2023, the maximum number of Necessary reasons to be issued pending the resolution of the general shareholders' meeting is 1,200,000, and each share will be issued at NT\$0. If all the vesting conditions are met, it is estimated that the possible amount to be expensed is about NT\$186,111,000 (estimated based on the closing price of

NT\$169.5 on the business day before the date of sending the meeting notice by the board of directors, i.e., April 28, 2023). According to the vesting conditions, it is estimated that the expensed amounts from 2023 to 2027 are NT\$11,632 thousands, NT\$56,221 thousands, NT\$75,608 thousands, NT\$36,834 thousands and NT\$5,816 thousands, respectively.

(2) Diluted earnings per share and other matters affecting shareholders' equity:

Based on the current number of shares issued by the Company, it is estimated that the possible reduction of earnings per share after expensing from 2023 to 2027 is NT\$0.158, NT\$0.764 NT\$1.028, NT\$0.5 and NT\$0.079, respectively, and the dilution of earnings per share is limited; therefore, it has no significant impact on shareholders' equity.

6. Restricted rights before the vesting conditions are met after the allotment of new shares:

(1) The employee restricted stock awards issued under these regulations will be delivered to the stock trust in the name of the employee. After the employee is allocated new shares, the restricted rights before the vesting conditions are met are as follows:

(1.1) After an employee is allocated new shares, unless the vesting conditions are met, with the exception of inheritance, the employee shall not sell, collateralize, transfer, gift, pledge or otherwise dispose of the employee restricted stock awards.

(1.2) The attendance, proposal, speech and voting at the shareholders' meeting shall be implemented by the trustee institution in accordance with the law.

(2) In addition to the restrictions imposed by the trust agreement in the preceding Paragraph, before the vesting conditions are met, the employee restricted stock awards allocated to employees in accordance with these measures have other rights, including but not limited to: dividends, bonuses and legal reserves, the right to receive the allocation of capital reserves, and options and voting rights for cash capital increase, which are the same as those of the ordinary shares issued by the Company.

(3) After the above is approved by the general shareholders' meeting, the Board of Directors shall, in accordance with the matters to be recorded in relevant laws and regulations, formulate measures for the issuance of employee restricted stock awards for 2023, and then declare them in one go or in installments. Please refer to Attachment V of this handbook (pages 46 to 49).

**Resolution:**

## Election Items

### Proposal 1:

**Proposed by the Board of Directors**

**Subject** : To Elect eleven Directors (including four Independent Directors); please elect.

**Explanation:** (1) The tenure of directors of 9<sup>th</sup> session will be due on June 21<sup>st</sup>, 2023. The Board of Directors resolved that eleven Directors (including four Independent Directors) will be elected at this Annual Shareholders' Meeting, and the tenure will start at the end of the annual shareholders' meeting from June 21<sup>st</sup>, 2023, to June 20<sup>th</sup>, 2026, for a period of three years.

(2) According to the Company's "Articles of Incorporation", Article 192-1 of the Company Act, and Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the directors (including Independent Directors) shall be elected by adopting candidates' nominations system. Shareholders shall elect the directors (including Independent Directors) from the List of Director (including Independent Director) Candidates, whose education and professional qualifications, experience and relevant information, please refer to Attachment VI of this handbook (pages 50 to 52).

### Voting Result:

## Other Proposals

### Proposal 1:

**Proposed by the Board of Directors**

**Subject** : Proposal for Release the Prohibition on Directors from Participation in Competitive Business; please review and approve.

**Explanation:** (1) Pursuant to Article 209 of the Company Act, “a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company’s business shall explain the essential contents of such an act to the shareholders’ meeting and obtain its approval”.

(2) Since there are directors of the Company holding concurrent positions at other companies whose business scope is the same or similar to that of the Company, we hereby request the meeting of shareholders to approve the removal of the non-competition restriction imposed on the directors of the Company in accordance with the above-mentioned Article 209 of the Company Act.

(3) The competition situation of new directors (including Independent Directors) is as follows :

Title	Name	Company Name and Concurrent Position
Director	Wang, Chih-Hsin	Director of Yu Jing Energy Technology Co., Ltd. 、 Supervisor of Yu Jing Technology Co., Ltd 、 Corporation Director’s Legal Representative of Sinopower Semiconductor Inc.
Director	Chen, Shan-Nan	Chairman of Grenergy, Inc.
Director	Shen, Shian-Ho	Director and General Manager of Chem Tec Corporation Co., Ltd. 、 Director of Taiwan Surface Mounting Technology Corp. 、 Director of C Sun MFC. Ltd. 、 Independent Director of Ennostar Inc.
Director	Lin, Chun-Liang	Supervisor of Foreverlamp International Corp. 、 Corporation Director’s Legal Representative of Sinopower Semiconductor Inc.
Director	Lin, Che-Ming	Chairman and President of Linbros Co., Ltd.
Independent Director	Chiang, Chun-Yen	Independent Director of Sinopower Semiconductor Inc.
Independent Director	Chien, Chuan-Sheng	Chairman of Innodisk Corporation 、 Corporation Director’s Legal Representative of Aetina Corporation 、 Corporation Director’s Legal Representative of Millitronic Co., Ltd. 、 Corporation Director’s Legal Representative of Sysinno Technology Inc.
Independent Director	Chien, Hui-Huan	Assistant Vice President of Dell Taiwan Research and Development Center

### Resolution:

**Voting on the above proposals**

**Extemporaneous Motions**

**Adjournment**

## 2022 Business Report

### I. Business Policy

- (I) The company focuses on developing high-end products and advanced technologies such as mixed-signal power products and sensors, with the mission of enhancing the local industrial ecosystem. The company engages in the design, testing, production, and marketing of mixed-signal power IC and sensors. There are six major product lines at Anpec Electronics, including power management, motor driver, LED driver, audio, optical, and discrete power device.
- (II) Adhering to our management philosophy of being authentic, novel, passion, execution and customer-oriented, we provide clients with diverse products and complete after-sales services.
- (III) Apart from providing customers with complete solutions based on our core philosophy of creating value and leading the market on an ongoing basis, we also focus on offering the highest performance and customized products in the industry while helping our clients increase the added value of their end products and leading the market, with the goal of becoming a top-tier IC supplier in the global market.

### II. Implementation Overview

Initially starting off as a producer of analog IC, Anpec Electronics has developed into a supplier of mixed-signal power IC and sensor IC today. The company's main focus of technology development revolves around highly integrated, high performance, high power, and customized IC. After years of development, our clients are primarily top-tier brands in various fields of application. Anpec Electronics has witnessed a gradual shift in the fields of application from consumer products in the past to more demanding applications such as servers, storage systems, computer memory, communications equipment, industrial control, enterprise equipment, and in-vehicle applications. The company continues to invest resources to develop cutting-edge solutions for various applications, helping customers maintain a leading position in the terminal market, and at the same time continuously enhance the company's overall value.

### III. Implementation of Business Plan

In 2022, the company posted a individual net revenue of NT\$3,392.97 million and a net profit after tax of NT\$963.6 million, a 5.6% decrease and a 3.7% increase from 2021, together with an EPS after tax of NT\$13.30.

#### IV. Revenue, Expenditure, and Implementation of Budget

##### (I) Revenue and Expenditure:

Unit: NT\$ thousands

Item	2022	2021
Net operating revenue	3,392,969	3,675,246
Operating costs	1,624,279	1,927,067
Gross profit	1,768,690	1,748,179
Operating expenses	910,374	895,439
Operating income	873,102	873,842
Non-operating income and expenses	283,221	237,707
Net profit before tax	1,156,323	1,111,549

##### (II) Budget Implementation

This section is not applicable as the company has not compiled financial projections for 2022.

#### V. Profitability Analysis

Item		2022	2021
Return on total assets (%)		23.33	26.37
Return on equity (%)		30.94	35.64
Proportion to paid-in capital (%)	Operating income	117.88	117.91
	Profit before tax	156.11	149.98
Net profit rate (%)		28.40	25.28
Basic earnings per share (NT\$)		13.30	12.90

## VI. Important Production and Sales Policy

Looking back on 2022, COVID-19 control measures that lasted for nearly three years were finally easing, but at the same time, the quantitative easing measures imposed by the U.S. during the pandemic led to a sharp rise in end-user demand. The outbreak of the Russia-Ukraine war resulted in energy and food woes, causing severe inflation in the market not seen in four decades. High cost of living has impacted the purchasing power of end consumers, while reduced purchase intention among end consumers has triggered a rapid reversal in end-user demand. Meanwhile, China's strict COVID-19 control measures have also seriously affected end-user consumption and demand. In addition to the rapid decline in demand across the three major global markets, the U.S. Federal Reserve's policy of raising interest rates to curb inflation has confirmed the persistent sluggishness of global demand. A surge in demand in the first half of 2022 brought about a severe shortage of supply. However, the situation changed drastically to a sharp contraction in end-user demand in the second half of the year, which in turn had a serious impact on the electronics industry as a whole and related industry chains. In addition to changes on the demand side, the China-US trade decoupling has added new and significant uncertainties to supply chain management.

The high inventories in each industry chain caused by soaring demand during the COVID-19 period are not expected to return to reasonable levels until the second quarter of 2023. The impact of external inventories is expected to diminish in the second half of 2023, and the focus of observation will shift to whether and to what extent demand in the end market recovers. In an industry environment with declining demand and excessive inventories, the company's operations in 2023 will center on controlling and eliminating external inventories, maintaining and increasing market share, controlling gross margins, and engaging in flexible production and sales to confront possible market reversals.

At the sales level, we continue to optimize our product portfolio in existing applications, leverage our channel advantage to keep bolstering partnerships with brand clients, and strive to maintain and even expand our market share at the time of declining demand. We ensure that our information are up-to-date and in sync with our clients while keeping abreast of trends in the end market. At the same time, the company is investing resources in acquiring more leading brand clients, and also increasing new customer reach for our existing products and the proportion of our products incorporated in new projects.

At the production level, the out-of-stock situation among systems manufacturers has improved significantly due to changes in the macro environment. Although the IC upstream supply chain is not expected to experience a systemic shortage in 2023 as it did during the COVID-19 period, there are still significant changes anticipated in the market in 2023 that need to be addressed proactively. The ability to synchronize production and



sales in real time and respond swiftly is an important capability for the company to cope with the rapidly changing market. Meanwhile, grasping and preparing in advance for the company's position in the business cycle is the key to the company's ability to identify market changes in the next stage. In the long run, the overall demand for semiconductors in the electronics industry will continue to rise with the development of emerging applications such as in-vehicle electronics, high performance computing, artificial intelligence, and 5G. As revisions of industry inventories are expected to end in 2023 and demand in various fields of applications will gradually return to normal, bringing new qualified suppliers into manufacturing and supplying is one of the necessary measures in business operations. Aside from the long-term trend of semiconductor demands, the company is also planning to establish a new supply chain in response to geopolitical tension and diversify sources of supply in the upstream sector to comply with rules and specifications in various regional markets for the purpose of managing and controlling supply risks in the future.

On the subject of marketing, the continuous launch of new products remains the most important cornerstone of our growth. In the short term, the company will actively plan extended products based on our existing product lines with the intention of stepping up efforts to expand the breadth of our product lines and increase market coverage for our products. In the medium to long term, we will focus on the development of key components and core chips for existing applications while planning multi-technology product lines to meet existing clients' demand for different technology categories and provide complete system solutions for the market. The company will continue to develop high-end applications such as in-vehicle, high-performance computing, enterprise, commercial, and industrial markets in order to create higher added value.

## VII. Research and Development

With research and development (R&D) and product strategies that are value-based, driven by customer demand, and aimed at high-quality growth, the company continues to move towards higher-end technology and advanced applications.

### (I) Power management

The company continues to develop next-generation power solutions for PC applications, including high-energy density power converters, core power supplies, and battery management products. Meanwhile, we also work with our brand clients to develop customized solutions to enhance the competitiveness of their end products. The company continues to develop memory module solutions, including products of different types of technology to increase application coverage. In addition, we invest in developing higher performance solutions for next-generation server memory modules so as to penetrate the server memory market. In the field of network communication applications, we continue to not only work with our clients

to develop reference designs and end users to introduce next-generation low-noise power solutions, but also invest in developing enterprise-level solutions to meet our clients' diverse product demand. In the field of servers, we bolster the development of high power and multi-phase technologies as well as digital protocol control technologies in order to gradually build power supply solutions required by systems. While developing next-generation power solutions with our brand clients in the field of storage on an ongoing basis, the company is also gradually expanding into customized solutions for solid-state applications. In the field of security monitoring, we work with our clients to develop more highly integrated PMIC customization solutions and battery management solutions, with a view to helping them improve system performance and simplify system design. In the field in-vehicle application, the company collaborates with SOC brand manufacturers on reference designs based on AEC standards to meet the demand of automobile manufacturers for factory-installed modules.

(II) Motor driver

The company is already a leading supplier in the NB/DT market and will continue to work with top-tier brand clients to develop next-generation cooling fan solutions to help them and the industry improve heat dissipation performance on an ongoing basis. In the field of server applications, heat dissipation performance is extremely important to system stability, power consumption, and lifetime performance. The company continues to work with top-tier clients to develop customized products that provide higher heat dissipation performance while simplifying system design and introducing next-generation solutions in different application segments. We also continue to increase our market share in gaming applications with new high-performance products. In addition to providing high-quality leading solutions in information and communication applications, the company has also invested significant R&D resources in the development of high-powered programmable products for the industrial motor market. We expect that the industrial market will become another driving force for the growth of our business units through higher performance and design flexibility. In the field of in-vehicle applications, the company has not only been working with top-tier clients to develop heat dissipation solutions required by various types of in-vehicle modules, but also gradually obtaining AEC standard certifications and gaining recognition from end users, in hopes of becoming a major supplier in the field of in-vehicle applications as soon as possible.

(III) LED driver

The company has achieved the goals of the introduction and mass production in the LED local dimming market for the top-tier brand clients. In the TV and display market, the company continues to develop highly integrated solutions to meet next-generation demand for more sophisticated contrast displays while helping clients

reduce overall production costs to increase market penetration for local dimming technology. In the field of in-vehicle applications, the corresponding products have been certified for in-vehicle use, and the company has been cooperating with solution providers to develop complete solutions and promote them to smart cockpit display applications.

#### (IV) Audio

In the field of audio technology, the company's main application markets are TVs and monitors. We continue to develop next-generation audio solutions to improve system audio performance and cooperate with brand clients to develop customized low-noise audio solutions.

#### (V) Optical

With the completion of core IP development in the optical field, the company has been actively promoting and testing for the top-tier brand clients. We will continue to develop high-performance, highly integrated, low-noise technologies and discuss with our brand clients about adjustments to product specifications in order to meet their latest system requirements. Based on existing IP, we will develop a series of products as soon as possible according to the demand of various clients in order to strengthen the breadth of our product lines, gradually boost our visibility in the optical market, and increase the incorporation of our products into various projects.

In terms of human resources, we have gradually acquired more top-tier brand clients and industry-leading clients while establishing a solid foothold in the field of high-value applications and developing high-value products, and the number of potential collaborative projects is way higher than the company's current R&D resources. As the number of high-end projects increases while products, along with their specifications and performance, become more complicated, there is an ever-growing need for the company to expand our R&D team. The company actively recruits R&D and engineering staff externally on an ongoing basis to expand our R&D capabilities. Internally, we continue to adjust our organization, processes and division of labor among units to improve R&D efficiency in our R&D team. For the development of new fields and technology, we not only recruit externally and train talents on our own, but also strengthen cooperation with the academia, research institutions and third parties in the industry, or engage in technology transfer to accelerate the development of new applications and increase the speed of project development. As far as finances and investment are concerned, the company has been running well and accumulating resources in recent years, while our management system and corporate culture are also becoming more mature. The company will continue to focus on suitable investment targets and teams in the market with hopes of speeding up the establishment of new technologies and new channels, as well as injecting more momentum into our future growth.

With the reversal of demand in the end market and changes in regional landscape around the world, 2023 is going to be a very challenging year. Compared to 2022, supply chains will no longer be tight due to excess industry inventories and declining demand. On the sales side, how to clear out external inventories, boost market share, and maintain gross margin becomes the key priority in the operations of the company. We will keep a close eye, prepare in advance, and react swiftly to market conditions and build a good foundation during market downturn so that we can seize the opportunity to grow when the next wave of change comes. The new products that we have launched over the years in various fields of applications will continue to serve as the critical source of growth momentum for the company. We do not lack growth momentum, thanks to our longstanding investment of a large amount of resources in developing high-value products and fields of application. The company will actively promote new products and obtain more design approvals, so that the company will be able to get our business performance back on growth track in no time when market demand recovers gradually. Generally speaking, in addition to the rapid adjustment of short-term operations, the company continues to develop high-end technologies, high-value products, and high-value application markets based on our value-centric strategies for the long term, so that they become the core and cornerstone of our growth.

In addition to operations, with ESG as a guiding principle for our sustainable development, we continue to improve operational processes, actively promote digital transformation, and strengthen information security management to enhance organizational effectiveness. We also continue to promote energy conservation and carbon reduction to improve energy efficiency. The company not only plans to increase participation in social welfare and keeps bolstering employee relations and employee care, but also enhances a friendly workplace environment on an ongoing basis. In addition, the company carries on improving product design and quality systems to strengthen product responsibility. While constantly strengthening supplier and client partnerships, we have also established the ESG Team to promote sustainability-related issues. On the premise of sustainable operation, we hope to work unceasingly with our employees, clients, and suppliers to achieve high-quality growth and create higher value for the industry in which we operate.

Finally, we would like to thank all our colleagues, shareholders, clients and suppliers for their continued support and contributions.

We wish everyone good health and all the best!

Chairman and President Wang, Chih-Hsin

Accounting Manager Huang, Kui-Yi

## Anpec Electronics Corporation

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements and proposal for earnings distribution. Of which, the financial statements have been audited by certified public accountants Cheng, Ya-Huei and Li, Tien-Yi of PwC Taiwan, and an audit report was issued with unqualified opinions. The business report, financial statements and proposal for earnings distribution have been reviewed by the Audit Committee, and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve.

To

2023 general shareholders' meeting of Anpec Electronics Corporation

Chairman of the Audit Committee: Chiang, Chun-Yen

February 22, 2023

(Attachment III)

## INDEPENDENT AUDITORS' REPORT

PWCR22000326

To the Board of Directors and Shareholders of Anpec Electronics Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Anpec Electronics Corporation and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 judgment, were of most significance in our audit of the Group's 2022 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 2022 consolidated financial statements are stated as follows:

### **Timing of sales revenue recognition**

#### Description

One of the sales transaction methods of the Group is to place inventories in distribution warehouses and sales revenue is recognised after customers picked up goods from the distribution warehouses. Given that the consistency between the timing of delivery and timing of revenue recognition is significant to the financial statements, we considered the timing of revenue recognition from distribution warehouse sales a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understood the operation nature of the Group and evaluated the reasonableness of its revenue recognition policy.
2. Understood and tested the internal control procedures in relation to the sales transaction cycle to evaluate managements' internal control over timing of revenue recognition.
3. Sampled the sales transactions from distribution warehouses during a certain period before and after the balance sheet date, reviewed trade terms on customer purchase orders or contract documents, checked supporting documents of goods transferred provided by the warehouse custodians, assessed the timing of transferring control over goods whose sales revenue was recognised and ensured the sales transactions are recorded in proper periods.
4. Performed confirmation for the inventory quantities of significant distribution warehouses and agreed the results to the accounting records to ensure the accuracy of the distribution warehouses' inventory quantities at the end of the year.

## **Evaluation of inventories**

### Description

The Group primarily manufactures and sells products such as power IC, component and its module, wireless and network communication IC and photoelectric driver IC. Inventories are stated at the lower of cost and net realisable value. Please refer to Notes 4(13) and 5(2) for the accounting policies on evaluation of inventories and the uncertainty of accounting estimates applied on evaluation of inventories.

Given that the calculation of the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving involves estimation uncertainty and there is a huge variety in inventory items which requires substantial amount of time for performing audit procedures, we considered the evaluation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies on evaluation of inventories.
2. Checked supporting documents of inventory movement transactions and verified the appropriateness of inventory aging reports used by management for evaluation.
3. Sampled individual inventory and checked against the latest purchase or sale price information for the net realisable value for inventory evaluation and referred to inventory clearance estimated from historical information for the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving to assess the reasonableness of net realisable value.
4. Tested the comparison results of inventory cost and net realisable value and then assessed the adequacy of allowance for inventory valuation loss.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Anpec Electronics Corporation as at and for the years ended December 31, 2022 and 2021.



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

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

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

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

As part of an audit in accordance with the Standards on Auditing of 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Cheng, Ya-Huei

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Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

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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.

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,932,356	32	\$ 1,860,233	33
1110	Financial assets at fair value through profit or loss - current	6(2)	175,095	3	174,186	3
1136	Current financial assets at amortised cost	6(3)	-	-	370,000	6
1150	Notes receivable, net	6(4)	-	-	19	-
1170	Accounts receivable, net	6(4)	739,470	12	1,400,518	25
1200	Other receivables		20,714	1	16,843	-
130X	Inventories	6(5)	1,592,919	26	774,517	14
1410	Prepayments		70,989	1	55,114	1
11XX	Total current assets		4,531,543	75	4,651,430	82
Non-current assets						
1600	Property, plant and equipment	6(6)	688,612	11	570,955	10
1755	Right-of-use assets	6(7)	135,100	2	140,223	3
1760	Investment property - net	6(9)	-	-	68,277	1
1780	Intangible assets	6(10)	29,197	1	13,095	-
1840	Deferred income tax assets	6(29)	58,233	1	49,156	1
1900	Other non-current assets	6(11)	621,002	10	194,081	3
15XX	Total non-current assets		1,532,144	25	1,035,787	18
1XXX	Total assets		\$ 6,063,687	100	\$ 5,687,217	100

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**ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 125,000	2	\$ -	-
2150	Notes payable		2,367	-	1,152	-
2170	Accounts payable		388,926	7	728,715	13
2200	Other payables	6(13)	627,756	10	577,746	10
2230	Current income tax liabilities		254,233	4	275,372	5
2280	Current lease liabilities		5,847	-	6,357	-
2300	Other current liabilities		11,398	-	8,676	-
21XX	Total current liabilities		1,415,527	23	1,598,018	28
Non-current liabilities						
2570	Deferred income tax liabilities	6(29)	3,317	-	4,411	-
2580	Non-current lease liabilities		132,989	2	136,748	3
2600	Other non-current liabilities	6(14)	401,656	7	344,825	6
25XX	Total non-current liabilities		537,962	9	485,984	9
2XXX	Total liabilities		1,953,489	32	2,084,002	37
Equity attributable to owners of parent						
	Share capital	6(17)				
3110	Common stock		740,695	12	741,125	13
	Capital surplus	6(18)				
3200	Capital surplus		711,186	12	703,829	12
	Retained earnings	6(19)				
3310	Legal reserve		513,819	9	420,700	7
3320	Special reserve		5,597	-	5,597	-
3350	Unappropriated retained earnings		1,410,440	23	1,199,948	21
	Other equity interest	6(20)				
3400	Other equity interest		( 16,224)	-	( 90,775)	( 1)
3500	Treasury stocks	6(17)	( 58,143)	( 1)	( 58,143)	( 1)
31XX	Total equity attributable to owners of the parent		3,307,370	55	2,922,281	51
36XX	Non-controlling interest		802,828	13	680,934	12
3XXX	Total equity		4,110,198	68	3,603,215	63
3X2X	Total liabilities and equity		\$ 6,063,687	100	\$ 5,687,217	100

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

**ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
				2022		2021	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21)		\$	6,381,606	100	\$	6,762,316
5000 Operating costs	6(5)		(	3,755,693	59	(	4,224,781
5900 Gross profit				2,625,913	41		2,537,535
Operating expenses							
6100 Selling expenses			(	424,685	6	(	420,979
6200 General and administrative expenses			(	212,269	3	(	189,606
6300 Research and development expenses			(	618,990	10	(	554,910
6000 Total operating expenses			(	1,255,944	19	(	1,165,495
6500 Other income and expenses - net	6(22)			9,993	-		16,462
6900 Operating profit				1,379,962	22		1,388,502
Non-operating income and expenses							
7100 Interest income	6(23)			12,859	-		4,224
7010 Other income	6(24)			4,595	-		3,219
7020 Other gains and losses	6(26)			129,346	2		58,346
7050 Finance costs	6(25)		(	2,680	-	(	2,206
7000 Total non-operating income and expenses				144,120	2		63,583
7900 Profit before income tax				1,524,082	24		1,452,085
7950 Income tax expense	6(29)		(	306,769	5	(	278,353
8200 Profit for the year			\$	1,217,313	19	\$	1,173,732
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311 Gains on remeasurements of defined benefit plans	6(12)		\$	4,741	-	\$	2,529
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)		(	948	-	(	506
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361 Cumulative translation differences of foreign operations				1,281	-	(	370
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)		(	256	-		74
8300 Total other comprehensive income for the year			\$	4,818	-	\$	1,727
8500 Total comprehensive income for the year			\$	1,222,131	19	\$	1,175,459
Profit attributable to:							
8610 Owners of the parent			\$	963,604	15	\$	929,171
8620 Non-controlling interest			\$	253,709	4	\$	244,561
Comprehensive income attributable to:							
8710 Owners of the parent			\$	968,422	15	\$	930,898
8720 Non-controlling interest			\$	253,709	4	\$	244,561
Earnings per share (in dollars)							
9750 Basic earnings per share	6(30)		\$	13.30		\$	12.90
Diluted earnings per share (in dollars)							
9850 Diluted earnings per share	6(30)		\$	12.78		\$	12.62

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

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent												
		Retained Earnings					Other equity interest					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity	Treasury stocks	Total	Non-controlling interest	Total equity
Notes												
<u>2021</u>												
Balance at January 1, 2021		\$ 730,485	\$ 566,520	\$ 375,163	\$ 5,597	\$ 695,521	(\$ 2,661 )	(\$ 2,883 )	(\$ 76,095 )	\$ 2,291,647	\$ 518,632	\$ 2,810,279
Profit for the year		-	-	-	-	929,171	-	-	-	929,171	244,561	1,173,732
Other comprehensive income (loss) for the year		-	-	-	-	2,023	( 296 )	-	-	1,727	-	1,727
Total comprehensive income		-	-	-	-	931,194	( 296 )	-	-	930,898	244,561	1,175,459
Appropriation of 2020 earnings:		6(18)										
Legal reserve		-	-	45,537	-	( 45,537 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 381,230 )	-	-	-	( 381,230 )	-	( 381,230 )
Employee restricted shares retired		6(16)(17)	( 360 )	360	-	-	-	-	-	-	-	-
Issuance of employee restricted shares		6(15)(16)(17)(19)	11,000	124,946	-	-	-	( 135,946 )	-	-	-	-
Compensation cost of employee restricted shares		6(17)(19)	-	( 119 )	-	-	-	51,011	-	50,892	-	50,892
Treasury stocks transferred to employees		-	-	-	-	-	-	-	17,862	17,862	-	17,862
Compensation cost of reissuing the treasury stocks to employees		6(15)(17)	-	5,003	-	-	-	-	-	5,003	-	5,003
Cash dividends paid by a subsidiary to noncontrolling interests		-	-	-	-	-	-	-	-	-	( 93,994 )	( 93,994 )
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage		6(17)	-	1,947	-	-	-	-	-	1,947	2,537	4,484
Adjustment of the shares of the company held by subsidiaries accounted for as treasury stock		-	-	-	-	-	-	-	90	90	( 90 )	-
Changes in equity due to capitalisation of subsidiaries' employee compensation		6(17)	-	5,172	-	-	-	-	-	5,172	9,288	14,460
Balance at December 31, 2021		\$ 741,125	\$ 703,829	\$ 420,700	\$ 5,597	\$ 1,199,948	(\$ 2,957 )	(\$ 87,818 )	(\$ 58,143 )	\$ 2,922,281	\$ 680,934	\$ 3,603,215
<u>2022</u>												
Balance at January 1, 2022		\$ 741,125	\$ 703,829	\$ 420,700	\$ 5,597	\$ 1,199,948	(\$ 2,957 )	(\$ 87,818 )	(\$ 58,143 )	\$ 2,922,281	\$ 680,934	\$ 3,603,215
Profit for the year		-	-	-	-	963,604	-	-	-	963,604	253,709	1,217,313
Other comprehensive income for the year		-	-	-	-	3,793	1,025	-	-	4,818	-	4,818
Total comprehensive income		-	-	-	-	967,397	1,025	-	-	968,422	253,709	1,222,131
Appropriation of 2021 earnings:		6(18)										
Legal reserve		-	-	93,119	-	( 93,119 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 663,786 )	-	-	-	( 663,786 )	-	( 663,786 )
Employee restricted shares retired		6(16)(17)(19)	( 430 )	3,981	-	-	-	( 3,551 )	-	-	-	-
Compensation cost of employee restricted shares		6(15)(19)	-	-	-	-	-	77,077	-	77,077	-	77,077
Cash dividends paid by a subsidiary to noncontrolling interests		-	-	-	-	-	-	-	-	-	( 136,215 )	( 136,215 )
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage		6(17)	-	3,376	-	-	-	-	-	3,376	4,400	7,776
Balance at December 31, 2022		\$ 740,695	\$ 711,186	\$ 513,819	\$ 5,597	\$ 1,410,440	(\$ 1,932 )	(\$ 14,292 )	(\$ 58,143 )	\$ 3,307,370	\$ 802,828	\$ 4,110,198

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

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,524,082	\$ 1,452,085
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	139,695	129,240
Amortization	6(27)	11,543	9,307
Share-based payments	6(16)	77,077	55,895
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(26)	( 909 )	( 390 )
(Gain) loss on disposal of property, plant and equipment	6(26)	( 1,584 )	111
Loss on disposal of intangible assets	6(26)	-	15
Interest income	6(23)	( 12,859 )	( 4,224 )
Interest expense	6(25)	2,680	2,206
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		19	1,933
Accounts receivable		661,048	( 296,205 )
Other receivables		( 3,871 )	5,530
Inventories		( 818,402 )	( 49,261 )
Prepayments (including long-term prepayments)		( 278,237 )	( 112,636 )
Net defined benefit asset		( 927 )	-
Changes in operating liabilities			
Notes payable		1,215	( 1,062 )
Accounts payable		( 339,789 )	180,368
Other payables		24,201	238,139
Other current liabilities		2,722	( 3,566 )
Net defined benefit liability - non-current		-	( 3,019 )
Cash inflow generated from operations		987,704	1,604,466
Interest received		12,859	4,224
Interest paid		( 2,680 )	( 2,206 )
Income tax paid		( 339,282 )	( 107,827 )
Net cash flows from operating activities		658,601	1,498,657

(Continued)



ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortised cost		\$ 370,000	( \$ 370,000 )
Acquisition of property, plant and equipment	6(31)	( 155,006 )	( 130,044 )
Proceeds from disposal of property, plant and equipment		2,704	288
Acquisition of intangible assets	6(10)	( 27,645 )	( 3,768 )
Increase in refundable deposits		( 162,503 )	( 59,923 )
Net cash flows from (used in) investing activities		27,550	( 563,447 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	125,000	-
Increase in guarantee deposits received	6(32)	60,443	302,688
Repayment of principal portion of lease liabilities	6(7)(32)	( 8,466 )	( 8,868 )
Cash dividends paid	6(31)	( 656,010 )	( 376,746 )
Cash dividends distributed to non-controlling interest		( 136,215 )	( 93,994 )
Proceeds from treasury stocks transferred to employees		-	17,862
Net cash flows used in financing activities		( 615,248 )	( 159,058 )
Effect of exchange rate changes		1,220	( 341 )
Net increase in cash and cash equivalents		72,123	775,811
Cash and cash equivalents at beginning of year		1,860,233	1,084,422
Cash and cash equivalents at end of year		\$ 1,932,356	\$ 1,860,233

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22003346

To the Board of Directors and Shareholders of Anpec Electronics Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Anpec Electronics Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years 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 parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming

our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

### **Timing of sales revenue recognition**

#### Description

One of the sales transaction methods of the Company is to place inventories in distribution warehouses and sales revenue is recognised after customers picked up goods from the distribution warehouses. Given that the consistency between the timing of delivery and timing of revenue recognition is significant to the financial statements, we considered the timing of revenue recognition from distribution warehouse sales a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understood the operation nature of the Company and evaluated the reasonableness of its revenue recognition policy.
2. Understood and tested the internal control procedures in relation to the sales transaction cycle to evaluate managements' internal control over timing of revenue recognition.
3. Sampled the sales transactions from distribution warehouses during a certain period before and after the balance sheet date, reviewed trade terms on customer purchase orders or contract documents, checked supporting documents of goods transferred provided by the warehouse custodians, assessed the timing of transferring control over goods whose sales revenue was recognised and ensured the sales transactions are recorded in proper periods.
4. Performed confirmation for the inventory quantities of significant distribution warehouses and agreed the results to the accounting records to ensure the accuracy of the distribution warehouses' inventory quantities at the end of the year.

## **Evaluation of inventories**

### Description

The Company primarily manufactures and sells products such as, component and its module, wireless and network communication IC and photoelectric driver IC. Inventories are stated at the lower of cost and net realisable value. Please refer to Notes 4(12) and 5(2) for the accounting policies on evaluation of inventories and the uncertainty of accounting estimates applied on evaluation of inventories.

Given that the calculation of the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving involves estimation uncertainty and there is a huge variety in inventory items which requires substantial amount of time for performing audit procedures, we considered the evaluation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies on evaluation of inventories.
2. Checked supporting documents of inventory movement transactions and verified the appropriateness of inventory aging reports used by management for evaluation.
3. Sampled individual inventory and checked against the latest purchase or sale price information for the net realisable value for inventory evaluation and referred to inventory clearance estimated from historical information for the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving to assess the reasonableness of net realisable value.
4. Tested the comparison results of inventory cost and net realisable value and then assessed the adequacy of allowance for inventory valuation loss.

## ***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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the 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 the Company 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Cheng, Ya-Huei

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Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

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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.

ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,677,065	39	\$	1,105,328	28
1110	Financial assets at fair value through	6(2)						
	profit or loss - current			175,095	4		174,186	4
1136	Current financial assets at amortised	6(3)						
	cost			-	-		370,000	9
1170	Accounts receivable, net	6(4)		449,135	11		846,510	21
1200	Other receivables			15,753	-		15,489	-
130X	Inventories	6(5)		604,568	14		270,931	7
1410	Prepayments			2,545	-		22,170	1
11XX	Total current Assets			2,924,161	68		2,804,614	70
Non-current assets								
1550	Investments accounted for under	6(6)						
	equity method			668,090	16		579,777	15
1600	Property, plant and equipment	6(7)		438,854	10		328,211	8
1755	Right-of-use assets	6(8)		134,023	3		137,432	4
1760	Investment property - net	6(10)		23,628	1		91,058	2
1780	Intangible assets	6(11)		22,589	-		12,113	-
1840	Deferred income tax assets	6(27)		38,464	1		36,848	1
1900	Other non-current assets			26,267	1		8,572	-
15XX	Total non-current assets			1,351,915	32		1,194,011	30
1XXX	Total assets		\$	4,276,076	100	\$	3,998,625	100

(Continued)



ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 2,367	-	\$ 1,152	-
2170	Accounts payable		148,864	4	259,322	7
2180	Accounts payable - related parties	7	2,014	-	6,783	-
2200	Other payables	6(12)	462,339	11	427,845	11
2230	Current income tax liabilities		162,099	4	178,685	4
2280	Current lease liabilities		4,758	-	4,628	-
2310	Advance receipts		1,184	-	2,822	-
2399	Other current liabilities, others		7,561	-	5,713	-
21XX	Total current Liabilities		791,186	19	886,950	22
Non-current liabilities						
2570	Deferred income tax liabilities	6(27)	2,525	-	2,950	-
2580	Non-current lease liabilities		132,989	3	135,660	4
2600	Other non-current liabilities		42,006	1	50,784	1
25XX	Total non-current liabilities		177,520	4	189,394	5
2XXX	Total Liabilities		968,706	23	1,076,344	27
Equity						
	Share capital	6(15)				
3110	Common stock		740,695	17	741,125	18
	Capital surplus	6(16)				
3200	Capital surplus		711,186	16	703,829	18
	Retained earnings	6(17)				
3310	Legal reserve		513,819	12	420,700	10
3320	Special reserve		5,597	-	5,597	-
3350	Unappropriated retained earnings		1,410,440	33	1,199,948	30
	Other equity interest	6(18)				
3400	Other equity interest		( 16,224)	-	( 90,775)	( 2)
3500	Treasury stocks	6(15)	( 58,143)	( 1)	( 58,143)	( 1)
3XXX	Total equity		3,307,370	77	2,922,281	73
3X2X	Total liabilities and equity		\$ 4,276,076	100	\$ 3,998,625	100

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

**ANPEC ELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
				2022		2021	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)		\$	3,392,969	100	\$ 3,675,246	100
5000 Operating costs	6(5)		(	1,624,279	48	( 1,927,067)	52
5900 Gross profit				1,768,690	52	1,748,179	48
Operating expenses							
6100 Selling expenses			(	329,855	10	( 362,660)	10
6200 General and administrative expenses			(	127,883	4	( 111,679)	3
6300 Research and development expenses			(	452,636	13	( 421,100)	11
6000 Total operating expenses			(	910,374	27	( 895,439)	24
6500 Other income and expenses - net	6(20)			14,786	-	21,102	-
6900 Operating profit				873,102	25	873,842	24
Non-operating income and expenses							
7100 Interest income	6(21)			10,783	-	3,250	-
7010 Other income	6(22)			9,415	-	4,619	-
7020 Other gains and losses	6(23)			76,980	3	28,590	1
7050 Finance costs	6(24)		(	2,115	-	( 2,161)	-
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)			188,158	6	203,409	5
7000 Total non-operating income and expenses				283,221	9	237,707	6
7900 Profit before income tax				1,156,323	34	1,111,549	30
7950 Income tax expense	6(27)		(	192,719	6	( 182,378)	5
8200 Profit for the year			\$	963,604	28	\$ 929,171	25
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311 Gains on remeasurements of defined benefit plan	6(13)		\$	4,741	-	\$ 2,529	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)		(	948	-	( 506)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361 Cumulative translation differences of foreign operations				1,281	-	( 370)	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(27)		(	256	-	74	-
8300 Other comprehensive income for the year			\$	4,818	-	\$ 1,727	-
8500 Total comprehensive income for the year			\$	968,422	28	\$ 930,898	25
Earnings per share (in dollars)	6(28)						
9750 Basic earnings per share			\$	13.30		\$ 12.90	
Diluted earnings per share (in dollars)	6(28)						
9850 Diluted earnings per share			\$	12.78		\$ 12.62	

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

ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other equity interest		Treasury stocks	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity		
2021										
Balance at January 1, 2021		\$ 730,485	\$ 566,520	\$ 375,163	\$ 5,597	\$ 695,521	(\$ 2,661 )	(\$ 2,883 )	(\$ 76,095 )	\$ 2,291,647
Profit for the year		-	-	-	-	929,171	-	-	-	929,171
Other comprehensive income (loss) for the year		-	-	-	-	2,023	( 296 )	-	-	1,727
Total comprehensive income (loss)		-	-	-	-	931,194	( 296 )	-	-	930,898
Appropriation of 2020 earnings:	6(17)									
Legal reserve		-	-	45,537	-	( 45,537 )	-	-	-	-
Cash dividends		-	-	-	-	( 381,230 )	-	-	-	( 381,230 )
Employee restricted shares retired	6(15)(16)	( 360 )	360	-	-	-	-	-	-	-
Issuance of employee restricted shares	6(15)(16)(18)	11,000	124,946	-	-	-	-	( 135,946 )	-	-
Compensation cost of employee restricted shares	6(16)	-	( 119 )	-	-	-	-	51,011	-	50,892
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	6(16)	-	1,947	-	-	-	-	-	-	1,947
Changes in equity due to capitalisation of subsidiaries' employee compensation	6(16)	-	5,172	-	-	-	-	-	-	5,172
Compensation cost of reissuing the treasury stocks to employees	6(16)	-	5,003	-	-	-	-	-	-	5,003
Treasury stocks transferred to employees		-	-	-	-	-	-	-	17,862	17,862
Adjustment of the shares of the company held by subsidiaries accounted for as treasury stock		-	-	-	-	-	-	-	90	90
Balance at December 31, 2021		\$ 741,125	\$ 703,829	\$ 420,700	\$ 5,597	\$ 1,199,948	(\$ 2,957 )	(\$ 87,818 )	(\$ 58,143 )	\$ 2,922,281

(Continued)

ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other equity interest			Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity	Treasury stocks	
2022										
Balance at January 1, 2022		\$ 741,125	\$ 703,829	\$ 420,700	\$ 5,597	\$ 1,199,948	(\$ 2,957 )	(\$ 87,818 )	(\$ 58,143 )	\$ 2,922,281
Profit for the year		-	-	-	-	963,604	-	-	-	963,604
Other comprehensive income for the year		-	-	-	-	3,793	1,025	-	-	4,818
Total comprehensive income		-	-	-	-	967,397	1,025	-	-	968,422
Appropriation of 2021 earnings:	6(17)									
Legal reserve		-	-	93,119	-	( 93,119 )	-	-	-	-
Cash dividends		-	-	-	-	( 663,786 )	-	-	-	( 663,786 )
Compensation cost of employee restricted shares		-	-	-	-	-	-	77,077	-	77,077
Employee restricted shares retired	6(15)(16)(18)	( 430 )	3,981	-	-	-	-	( 3,551 )	-	-
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	6(16)	-	3,376	-	-	-	-	-	-	3,376
Balance at December 31, 2022		\$ 740,695	\$ 711,186	\$ 513,819	\$ 5,597	\$ 1,410,440	(\$ 1,932 )	(\$ 14,292 )	(\$ 58,143 )	\$ 3,307,370

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

ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,156,323	\$ 1,111,549
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	112,444	107,119
Amortization	6(25)	10,333	7,657
Share-based payments	6(14)(26)	77,077	55,895
Gain on financial assets and liabilities at fair value through profit or loss	6(2)(23)	( 909 )	( 390 )
Share of profit of subsidiary, associates accounted for using equity method	6(6)	( 188,158 )	( 203,409 )
Gain on disposal of property, plant and equipment	6(23)	( 1,616 )	-
Interest income	6(21)	( 10,783 )	( 3,250 )
Interest expense	6(24)	2,115	2,161
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	1,952
Accounts receivable		397,375	( 193,176 )
Other receivables		( 264 )	2,063
Inventories		( 333,637 )	100,645
Prepayments		19,625	( 6,916 )
Net defined benefit asset		( 927 )	-
Changes in operating liabilities			
Notes payable		1,215	( 1,062 )
Accounts payable		( 110,458 )	23,034
Accounts payable to related parties		( 4,769 )	( 2,665 )
Other payables		7,166	159,151
Other current liabilities		211	1,119
Net defined benefit liability		-	( 3,019 )
Cash inflow generated from operations		1,132,363	1,158,458
Interest received		10,783	3,250
Dividend received		104,502	72,571
Income tax paid		( 212,550 )	( 74,084 )
Interest paid		( 2,115 )	( 2,161 )
Net cash flows from operating activities		1,032,983	1,158,034

(Continued)

ANPEC ELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(29)	( \$ 121,813 )	( \$ 95,994 )
Proceeds from disposal of property, plant and equipment		2,704	-
Acquisition of intangible assets	6(11)	( 20,809 )	( 2,835 )
(Increase) decrease in refundable deposits		( 15,637 )	5,661
Decrease (increase) in financial assets at amortised cost		370,000	( 370,000 )
Net cash flows from (used in) investing activities		214,445	( 463,168 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in guarantee deposits received	6(30)	( 5,167 )	17,897
Repayment of principal portion of lease liabilities		( 6,738 )	( 7,110 )
Cash dividends paid		( 663,786 )	( 381,230 )
Proceeds from treasury stocks transferred to employees		-	17,862
Net cash flows used in financing activities		( 675,691 )	( 352,581 )
Net increase in cash and cash equivalents		571,737	342,285
Cash and cash equivalents at beginning of year		1,105,328	763,043
Cash and cash equivalents at end of year		\$ 1,677,065	\$ 1,105,328

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

Anpec Electronics Corporation  
Earnings Distribution Table  
2022

		Unit: NT\$
		Amount
Unappropriated earnings at the beginning of the year		443,043,623
Plus: Adjustment to retained earnings in 2022		3,792,371
Unappropriated earnings after adjustment		446,835,994
Plus: Net profit after tax of the current period		963,603,767
Less: Legal reserve appropriated		(96,739,614)
Earnings available for distribution		1,313,700,147
Earnings distribution items:		
Dividend to shareholders — cash (NT\$9.00 per share)		662,242,500
Unappropriated earnings at the end of the year		651,457,647

Note:

1. The Company's distribution principle is to first distribute the 2022 earnings and the reversed special reserve; the insufficient part is distributed based on the first-in-first-out principle according to the year in which the earnings are generated.
2. The cash dividend distribution rate is calculated based on 73,582,500 shares issued and outstanding on February 22, 2023; the actual allotment amount per thousand shares is calculated based on the number of shares actually issued and outstanding on the ex-dividend date.
3. The adjustment to retained earnings in 2022 is the actuarial benefit of the defined benefit plan of \$3,792,371.

Chairman: Wang, Chih-Hsin

President: Wang, Chih-Hsin

Accounting Officer: Huang, Kui-Yi

## Anpec Electronics Corporation

### Measures for the Issuance of Employee Restricted stock awards in 2023

Passed by the Board of Directors meeting on May 10, 2023

#### **1. Purpose of issue**

In order to attract and retain professionals required by the Company, improve employees' loyalty and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the Company formulates the measures for the issuance of employee restricted stock awards in accordance with Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission.

#### **2. Issue period**

Within two years from the date of the declaration being filed with the competent authority and the notice of effectiveness being received, the shares shall be issued in one go or multiple instalments according to actual needs, and the actual issuance date shall be determined by the Chairman authorized by the Board of Directors.

#### **3. Qualifications and number of shares allocated to employees**

- (1) Limited to full-time employees of the Company.
- (2) The number of shares allocated to each employee will be determined by considering factors such as their length of service, job position, job performance, overall contribution, special achievements, and other relevant management factors. After the proposal is approved by the Chairman, it will be submitted to the Board of Directors for approval. However, if such employees are Directors or Managers of the Company, the proposal must first be approved by the Remuneration Committee. For non-Directors or non-Managers, approval from the Audit Committee is required.
- (3) For the number of shares allocated to a single employee, in accordance with Article 56-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the cumulative number of shares that can be subscribed by a single subscriber after the issuance of employee stock option certificates, plus the total number of employee restricted stock awards acquired by the subscriber, shall not exceed 3/1000 of the total number of shares issued. In addition, in accordance with Article 56-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, this number plus the cumulative number of shares that can be subscribed by a single subscriber after the issuance of employee stock option certificates shall not exceed 1% of the total number of shares issued. However, those who have been approved by the competent authority of each central government agency for special projects shall not be subject to the above ratio limitation.



#### **4. Total number of issues**

The total amount of this issue of employee restricted stock awards is NT\$12,000,000, with a par value of NT\$10 per share, and a total of 1,200,000 ordinary shares are issued.

#### **5. Conditions of issue**

(1) Issue price: Each share is issued at NT\$0, that is, there is no cash consideration and shares are distributed to employees free of charge.

(2) Vesting conditions:

A. If the employee is still employed by the Company after the following schedules have expired since the allotment of employee restricted stock awards, and has achieved the performance required by the Company, then the share ratios after meeting the vesting conditions are as follows:

a. If the employee is still employed by the Company one year from the date of issuance and is excellent in the annual performance evaluation in the year of issuance, then the employee will receive 50% of the employee restricted stock awards.

b. If the employee is still employed by the Company two years from the date of issuance and is excellent in the annual performance evaluation in the year following the year of issuance, then the employee will receive 50% of the employee restricted stock awards.

B. After an employee has been allocated employee restricted stock awards by the Company, in the event of a violation of the labor contract, work rules or contractual agreements with the Company, for the employee restricted stock awards that the employee has been allocated but the vesting conditions are not yet met, the Company has the right to withdraw such shares free of charge and cancel them.

C. Types of issued shares: new ordinary shares of the Company.

D. Measure to be taken where employees fail to meet the vesting conditions or in the event of inheritance:

1. Resignation (voluntary/retirement/severance/dismissal):

The employee that does not meet the vesting conditions will be deemed to have not met the vesting conditions from the effective date, and the Company will call back the employee's employee restricted stock awards free of charge and cancel them according to law.

2. General death:

The employee that does not meet the vesting conditions will be deemed to have not met the vesting conditions on the day of death, and the Company will call back the employee's employee restricted stock awards free of charge and cancel them according to law.

3. Being disabled or killed by occupational disasters:

- (1) The employee who is unable to continue the employment due to physical disability from an occupational accident, and therefore applies for resignation and does not meet the vesting conditions of employee restricted stock awards may collect shares within one month from the effective date of resignation.
- (2) In the event the employee dies from an occupational accident and does not meet the vesting conditions of employee restricted stock awards, the employee's legal heir may collect the share within one year from the date of death.

4. Leave without pay:

The employee does not meet the vesting conditions of employee restricted stock awards, and the rights and interests will be restored from the date of reinstatement. However, the vesting period conditions shall be extended by the period of leave without pay. After the extension in accordance with the aforementioned provisions, if the day when the vesting conditions are met falls on a holiday, it will be postponed to the next business day for share payment.

5. Transfer:

If an employee is transferred to an affiliated company or another company (except a subsidiary), the employee restricted stock awards shall be handled in the same way as "resignation" in Subparagraph 1 of this Paragraph. However, if the employee who is assigned by the Company to be transferred to the Company's affiliated companies or another company due to the needs of the Company's operations, the employee restricted stock awards allocated will not be affected by the transfer.

6. Employees or their heirs shall, in accordance with the trust agreement, collect the shares of those who have met the vesting conditions or who have been disabled or died due to occupational accidents.

**6. Restricted rights after allotment of new shares but before vesting conditions are met**

- (1) The employee restricted stock awards issued under these Measures will be delivered to the stock trust in the name of the employee for safekeeping. After the employee is allocated new shares, the restricted rights before the vesting conditions are met are as follows:

- A. After an employee is allocated new shares, unless the vesting conditions are met, with the exception of inheritance, the employee shall not sell, collateralize, transfer, gift, pledge or otherwise dispose of the employee restricted stock awards.
  - B. The attendance, proposal, speech and voting at the shareholders' meeting shall be implemented by the trustee institution in accordance with the law.
- (2) In addition to the restrictions imposed by the trust agreement in the preceding Paragraph, before the vesting conditions are met, the employee restricted stock awards allocated to employees in accordance with these measures have other rights, including but not limited to: dividends, bonuses and legal reserves, the right to receive the allocation of capital reserves, and options and voting rights for cash capital increase, which are the same as those of the ordinary shares issued by the Company.

## **7. Procedures for allotment of new shares**

- (1) When an employee is allocated employee restricted stock awards, the Company will record the number of shares allocated to the employee in the Company's register of shareholders, and then deliver the Company's new ordinary shares or new share rights certificates by means of book transfer. In accordance with the trust deed, the shares or certificates will be delivered to the trust for custody within the period of the vesting condition restrictions.
- (2) Change registration for the employee restricted stock awards issued by the Company in accordance with these Measures shall be handled in accordance with the law.

## **8. Other important matters**

- (1) These Measures shall become effective after the resolution of a Board of Directors with more than two-thirds of the directors attending and the consent of more than one-half of the directors present, and shall be declared to and approved by the competent authority. The same applies if there is any amendment before issuance. If, during the submission review process, it is necessary to revise these Measures due to the requirements of the competent authority, the Chairman shall be authorized for the revision, and then the Board of Directors shall then ratify it before issuance.
- (2) If there are any matters not covered in these Measures, they shall be handled in accordance with relevant laws and regulations.

## Anpec Electronics Corporation

### List Of Director (including Independent Director) Candidates

Title/ Name	Education & Previous Position	Current Positions	Shareholdings
Director Wang, Chih-Hsin	Entrepreneur Business Administration Research Class of National Chengchi University/ Bachelor of Economics Science, NCCU Senior business manager of Parts Department of Sampo Corporation/ Business Manager of Vanguard International Semiconductor Corporation/ Assistant Vice President of Shangpo Semiconductor Co., Ltd./ Business Vice President for Greater China of AMKOR Technology Taiwan Ltd./ Special Assistance of President of Olink Technology Co., Ltd./ CEO of Domintech Precision Technology Co., Ltd./ Business Vice President and Executive Vice President of Anpec Electronics Corporation	President of Anpec Electronics Corporation / Corporation Director's Legal Representative of Sinopower Semiconductor Inc./ Director of Supec (Suzhou) Co., Ltd./ Director of Yu Jing Energy Technology Co., Ltd./ Supervisor of Yu Jing Technology Co., Ltd./ Chairman of ANPEC International Holding Ltd.	799,499
Director Sheng, Kang	Entrepreneur Business Administration Research Class of National Chengchi University/ Master of Electrical Engineering, National Cheng Kung University Senior Director, Vice President of Marketing and R&D of Anpec Electronics Corporation	Executive Vice President of Anpec Electronics Corporation / Chairman of Supec (Suzhou) Co., Ltd.	907,958
Director Chen, Shan-Nan	Ph.D. in Electrical Engineering, University of New Mexico, U.S.A. Factory Manager of Episil Technologies Inc./ Chairman, CEO and President of Anpec Electronics Corporation/ Chairman of biggest solutions, Inc./ President of Grenergy Inc.	Chairman of Grenergy, Inc.	859,930

Title/ Name	Education & Previous Position	Current Positions	Shareholdings
Director Shen, Shian-Ho	Bachelor of Electronic Engineering of Chung Yuan Christian University Supervisor of Anpec Electronics Corporation/ Vice President of Module and Material Center, AUO/ Manager, Director of Material Department, UMC/ Independent Director of Gallant Precision Machining Co., Ltd./ Supervisor of C SUN MFG. LTD./ Independent Director and Member of Remuneration Committee of Lextar Electronics Corporation	Director and President of CHEM TEC CORPORATION CO., LTD./ Director of Taiwan Surface Mounting Technology Corp./ Director of C SUN MFG. LTD./ Independent Director of Ennostar Inc.	1,253,146
Director Lin, Chun-Liang	Master of Institute of Business Administration, Chinese Culture University Supervisor of Anpec Electronics Corporation/ Executive Secretary, Syndicated Loans Section, Chiao Tung Bank/ Manager, Wenshan Branch, Mega International Commercial Bank/ Vice Director, Credit Analysis Division, Mega International Commercial Bank/ Supervisor of EUSOL Biotech Co., Ltd.	Supervisor of Foreverlamp International Corp./ Corporation Director's Legal Representative of Sinopower Semiconductor Inc.	400,560
Director Lin, Che-Ming	MBA, Boston University, U.S.A./ Department of Chemistry, National Sun Yat-sen University Manager of New Product Division of Lightsonic Optoelectronics Inc./ Director and Marketing Manager of ECOLIGHTING, INC./ Deputy Director of Marketing Business and Manufacturing Department of bigbest solutions, Inc./ President and Chairman's Special Assistant of Hsin-Li Chemical Industrial Corp./ Director of GRENERGY, INC.	Chairman and President of Linbros Co., Ltd.	1,047,314
Director Huang, Jin-Hua	National Taipei College of Nursing Deputy Manager of Management Department, UMC/ Supervisor of Lighthouse Technology Co., Ltd.	None °	801,708

Title/ Name	Education & Previous Position	Current Positions	Shareholdings
Independent Director Chiang, Chun- Yen	EMBA of National Sun Yat-Sen University/ Entrepreneur Business Administration Research Class of National Chengchi University President of TAIFLEX Scientific Co., Ltd./ Corporation Director's Legal Representative of TAIFLEX Scientific Co., Ltd./ Chairman of Taihong Technology (Kunshan) Ltd.	Convenor of Remuneration Committee and Audit Committee of Anpec Electronics Corporation / Independent Director, Convenor of Remuneration Committee and Member of Audit Committee of Sinopower Semiconductor Inc.	0
Independent Director Chien, Chuan- Sheng	Entrepreneur Business Administration Research Class of National Chengchi University / Master of Mechanical Engineering, National Central University President of Innodisk Corporation	Member of Remuneration Committee and Audit Committee of Anpec Electronics Corporation / Chairman of Innodisk Corporation / Corporation Director's Legal Representative of Aetina Corporation / Corporation Director's Legal Representative of MilliTronic CO., LTD./ Corporation Director's Legal Representative of SYSINNO TECHNOLOGY INC.	0
Independent Director Chien, Hui- Huan	Master of Total Quality and Engineering Management, University of the West of Scotland, UK/ Bachelor of Electronic Engineering, National Taipei University of Technology Senior Special Assistant to the Chairman and CEO of Prodisc Technology Inc./ Vice President of EVEREST DISPLAY INC.	Member of Remuneration Committee and Audit Committee of Anpec Electronics Corporation / Assistant Vice President of Dell Taiwan R&D Center/ Global Service Engineer and Process Development	110,000
Independent Director Huang, Kuo- Yu	Entrepreneur Business Administration Research Class of National Chengchi University/ Bachelor of Journalism, Shih Hsin University Chief Planner of 1111 Job Bank/ Editor-in-Chief of Excellence Magazine	Member of Remuneration Committee and Audit Committee of Anpec Electronics Corporation / President of Financial Management of Lion Travel Service Co., Ltd./ President of JWI Marketing Co., Ltd.	0

## Anpec Electronics Corporation Rules of Procedure of Shareholders' Meeting

June 4, 2002

- Article 1: Unless otherwise stipulated by laws or the Articles of Incorporation of the Company, the shareholders' meeting of the Company shall be conducted in accordance with these rules.
- Article 2: The Company shall set up a signature book for the attending shareholders to sign in, or the attending shareholders shall hand in their attendance cards instead. The number of shares attended is calculated based on the signature book or the attendance cards handed in, and shareholders shall wear the attendance pass to attend the shareholders' meeting.
- Article 3: Attendance and voting at the shareholders meeting shall be calculated on the basis of shares.
- Article 4: The venue of the shareholders' meeting shall be the location of the Company or a venue that is convenient for shareholders to attend and suitable for the shareholders' meeting. The meeting shall start no earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 5: If the shareholders' meeting is convened by the board of directors, the Chairman shall serve as the chairman of the meeting. When the Chairman is on leave or unable to exercise his functions and powers for some reason, the Vice Chairman shall act as the deputy. If there is no Vice Chairman in place or the Vice Chairman is also on leave or unable to exercise his functions and powers for some reason, the Chairman shall appoint a managing director to act as the deputy. If there is no managing director in place, the Chairman shall appoint a director to act as the deputy. If the Chairman fails to appoint a deputy, the managing directors or directors shall elect one person among themselves to act as the deputy. If the shareholders' meeting is convened by a person with the right to convene other than the board of directors, the chairman of the meeting shall be the person with the right to convene. When there are two or more convening persons, one person shall be elected from them.
- Article 6: The Company may appoint its designated lawyers, certified public accountants or related personnel to attend the shareholders' meeting as non-voting delegates and answer relevant questions during the meeting. The meeting affairs staff handling the shareholders' meeting shall wear identification cards or armbands.
- Article 7: The entire process of the shareholders' meeting shall audio or video-recorded, and the record shall be kept for at least one year.
- Article 8: The chairman shall call the meeting to order at the specified meeting time and announce the number of shares without voting rights and the number of shares present at the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a meeting postponement, provided that the number of such postponements is no more than two, and the total time

no more than one hour. If the quorum is not met after two postponements, 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. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9: If a shareholders' meeting is convened by the board meeting, the meeting agenda shall be set by the board meeting and distributed to shareholders or their agents. The meeting shall proceed in the order set in the agenda, which may not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person with the right to convene other than the board of directors, the provisions of the preceding paragraph shall apply.

The chairman may not declare the meeting adjourned prior to completion of the meeting agenda (including extraordinary motions) of the preceding two paragraphs except by a resolution of the shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the shareholders may elect a new chairman and continue the meeting based on the agreement of a majority of the votes represented by the attending shareholders.

After the meeting is adjourned, shareholders shall not elect another chairman to resume the meeting at the original address or in another place.

Article 10: Before speaking, an attending shareholder shall specify on the speaker's slip his/her speech summary, shareholder account number (or attendance card number) and account name. The order in which shareholders speak shall be set by the chairman.

A shareholder who violates the above shall be deemed to have not spoken. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the content of the speech shall prevail.

Other than the proposals listed in the agenda, any other proposals by shareholders or amendments or substitutes to the original motion shall be seconded by other shareholders.

When a shareholder present is speaking, other shareholders shall not interfere with the speech unless approved by the chairman and the speaking shareholder. In case of any violation, the chairman shall stop the violator, who shall be deemed to have not spoken.

Article 11: Without the consent of the chairman, each shareholder who speaks on the same motion shall not speak more than twice, and the speech each time shall not exceed five minutes. If the shareholder's speech violates the rules above or exceeds the scope of the agenda items, the shareholder shall be deemed to have not spoken, and the chairman may terminate the speech.



Article 12: When a corporate shareholder is entrusted to attend the shareholders' meeting, the corporate shareholder may only appoint one representative to attend.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one person may speak on the same motion.

Article 13: After the attending shareholder speaks, the chairman may reply in person or designate relevant personnel to reply.

Article 14: When the chairman considers that the discussion of a motion has reached the level of voting, he may announce the suspension of the discussion and put it to vote.

Article 15: The persons who supervise and calculate the votes on proposals shall be appointed by the chairman, but the vote supervisor shall have the status of shareholder. The voting results shall be announced on the spot and recorded accordingly.

Article 16: During the meeting, the chairman may announce a break at his discretion.

Article 17: Unless otherwise provided by laws and regulations, the voting of a motion shall be adopted with the consent of more than half of the voting rights of the shareholders (shareholders' agents) present. When voting, if there is no objection from the shareholders present after being consulted by the chairman, the motion shall be deemed to be passed by all shareholders, and its effect shall be the same as that of voting. Shareholders have one vote per share. When a shareholder entrusts an agent to attend a shareholders' meeting, but the agent is entrusted by two or more shareholders, the voting rights of the agent shall not exceed 3% of the total voting rights of the issued shares. If the limit is exceeded, the excess votes shall not be counted.

Article 18: When there are amendments or substitutes to the same motion, the chairman shall determine the order of voting together with the original motion. If one of the motions has been passed, the other motions will be deemed to be rejected and there is no need to vote again.

Article 19: the chairman may direct pickets (or security personnel) to assist in maintaining order at the meeting venue. When pickets (or security personnel) are present to assist in maintaining order, they shall wear identification cards or armbands.

Article 20: These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply when amended.

## Anpec Electronics Corporation

### Rules for Election of Directors

Approved by the Annual General Meeting on June 28, 1999

1st amendment approved by the AGM on June 4, 2002

2nd Amended approved by the AGM on June 20, 2017

3rd Amendment approved by the AGM on June 25, 2019

Article 1 : Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, directors of this Company shall be elected in accordance with the rules specified herein.

Article 2 : Election of directors of this Company shall be held at the shareholders' meeting. The Board of Directors shall prepare ballots and note the number of voting rights. The election of Independent Directors of the Company shall adopt the candidates nomination system. A shareholder holding 1% or more of the total number of issued shares may present a slate of independent director candidates in writing to the company. The Board of Directors screen the candidate's qualification and send to the Shareholders Meeting where shareholders shall elect Independent Directors from the candidate list. The election of independent directors is subject to the provisions of the Company Act and the Securities and Exchange Act. When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a by-election for director at the next following shareholders meeting. However, when the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a by-election for directors. When the number of Independent Directors fails to meet the requirement of Article 14-2, Paragraph 1 of the Securities and Exchange Act, Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings or the Subparagraph 8 of "Standards for Determining Unsuitability for TPEx Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx," the company shall hold a by-election for director at the next following shareholders meeting. When all Independent Directors are discharged, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a by-election for Independent Directors. When the number of directors falls below the required number for any reason, the company shall hold a by-election for director at the next following shareholders meeting.

Article 2-1 : The election of the Company's directors shall take into account the arrangement of the board of directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: professional background (such as laws, accounting, industries, finance, marketing or technology), professional skills, and industrial experience.

The board members shall have the necessary knowledge, skill, and experience for performing their duties and shall have the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

More than half of a company's directors shall not have either a spousal relationship or a familial relationship within the second degree of kinship with other members of the Board.

Article 2-2 : Elections for directors of the Company shall adopt the nomination system prescribed in Article 192-1 of the Company Act, the adoption of such system shall be expressly stipulated in the Articles of Incorporation of the company including qualification of directors and candidates, educational and work background as well as any violation to requirements of Article 30 of the Company Act. Other documentations for qualification shall not be randomly added and the review results shall be provided to shareholders for the reference purpose to elect the most suitable directors.

- Article 3 : The Company's directors shall be elected by means of single-named cumulative ballots method. Each share is entitled to have votes equivalent to the number of directors to be elected, and the number of votes may be used to elect one candidate or be allocated among several candidates.
- Article 3-1 : The Board of Directors shall prepare the election ballots which equal to the number of directors to be elected with the number of voting rights. The ballots shall be given to the shareholders present at the shareholders' meeting. In the election of directors, the names of the voters may be represented by their shareholder number.
- Article 3-2 : Qualification of independent directors of the Company shall meet requirements of Article 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." Election for independent directors of the Company shall comply with Article 5, 6, and 8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."
- Article 4 : In the election of the directors, the candidates who acquired more votes should win the seats; and, if two or more persons receive the same number of votes, those persons who have received the same number of votes shall draw straws to decide who is elected. Those who do not attend in person shall be drawn by the chairperson.
- Article 5 : Before beginning of the election, the chairman shall designate a certain number of persons who are also shareholders to check, count ballots and perform the relevant duties.
- Article 6 : The ballot box used for voting shall be prepared by the board of directors and checked in public by the person assigned to check the ballots before voting.
- Article 7 : Electors shall fill in the "candidate" column the candidate's name and candidate's number or ID number or passport number on each ballot and number of votes before casting in the ballot box. However, if the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name of the representative should be filled in the column.

Article 8 : A ballot shall be construed as null and void under the following conditions:

1. A ballot is not casted into the ballot cabinet (box);
2. The elector has failed to use the ballot prepared by the board of directors;
3. Blank ballots not completed by the voter;
4. Ballots with other written characters in addition to candidate's name, number, and number of votes;
5. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.
6. The writing is unclear and illegible.

Article 9 : The ballots should be calculated during the meeting right after the voting and the results of the election should be announced by the chairman at the meeting.

Article 10 : The Company shall give Certificate of Election to elected directors and supervisors.

Article 11 : These Regulations, and any amendments hereto, shall enter into force after approved by the Board of Director.

## Anpec Electronics Corporation

### Articles of Incorporation

#### Chapter I General Provisions

Article 1 The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 茂達電子股份有限公司 in the Chinese language, and Anpec Electronics Corporation in the English language.

Article 2: The scope of business of the Company shall be as follows:

CC01080 Electronics Components Manufacturing

1. Research, development, production, manufacturing and sale of the following products:

- (1) Semiconductor power IC and modules.
- (2) Semiconductor power components and modules.
- (3) Intelligent power IC and modules.
- (4) Wireless and network communication IC.
- (5) Photoelectric driver IC.

2. Consulting on the above-mentioned businesses.

Article 3 The Company has a head office in Hsinchu Science Industrial Park. If necessary, after the resolution of the Board of Directors and the approval of the competent authority, the Company may set up branches in appropriate places at home and abroad.

Article 4 The total amount of investment of the Company shall not be subject to the restriction of Article 13 of the Company Act that the investment shall not exceed 40% of the paid-in capital.

#### Chapter II Shares

Article 5 The total capital of the Company is NT\$1.8 billion, which is divided into 180 million ordinary shares with a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments.

The total capital referred to in paragraph 1 is NT\$60 million for the issuance of employee stock option certificates, special shares with stock options or corporate bonds with stock options, totaling six million shares with a par value of NT\$10 per share. The shares may be issued in installments in accordance with the resolution of the Board of Directors.

Article 6 The Company's shares are registered and shall be numbered with the items listed in Article 162 of the Company Act contained, signed or sealed by the director representing the Company, and certified by the competent authority or its approved issuance and registration institution before issuance. The shares issued by the Company may be exempted from the printing of physical certificates but shall be registered with the Taiwan Depository & Clearing Corporation.

Article 7 Unless otherwise provided by laws and regulations or securities rules, the shareholders of the Company shall handle stock affairs such as stock transfer, rights setting, pledge of rights, loss reporting, inheritance, gift, seal loss reporting and change or address change in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies s."

Article 8 Registration of stock transfers shall be suspended within 60 days before the general shareholders' meeting, 30 days before the special shareholders' meeting, or five days before the book-close date of the Company's distribution of dividends, bonuses or other benefits.

### Chapter III Shareholders' Meetings

Article 9 The shareholders' meetings of the Company are divided into the following two types:

1. The general shareholders' meetings which shall be convened by the Board of Directors within six months after the end of each fiscal year.
2. The special shareholders' meeting which shall be convened whenever necessary in accordance with the law, rules and regulations.

Article 10 The shareholders' meeting shall be convened by the Board of Directors and shall be presided by the Chairman of the board of directors. In the absence of the Chairman of the Board of Directors, he/she shall appoint one director to act as the agent; if the Chairman of the Board of Directors does not make the appoint, the directors shall elect one director to act as the agent. When the meeting is convened by a person with the convening right other than a member of the board of directors, the person shall be the chairman of the meeting. If there are two people or more with the convening right, one of them shall be elected as the chairman.

Article 11 The date, place and reasons for convening the shareholders' meeting shall be notified to all shareholders 30 days before the general shareholders' meeting and 15 days before the extraordinary shareholders' meeting.

Article 12 If a shareholder is unable to attend the shareholders' meeting for some reason, he may issue a power of attorney with the format printed by the Company, specifying the scope of authorization, and entrust a proxy to attend the shareholders' meeting.

Article 13 Shareholders of the Company have one vote per share.

Article 14 Unless otherwise provided by relevant laws and regulations, a resolution shall be adopted by a majority of the shareholders present who represent half or more of the total number of outstanding shares.

#### Chapter IV Directors, Board of Directors and Audit Committee

Article 15 The Company shall have seven to thirteen directors to form a board of directors, and the directors shall be elected by the shareholders' meeting from persons with the capacity for legal acts. The term of office of the directors is three years, and the directors can be re-elected. During the term of office of a director, the Company may purchase liability insurance for his/her legal liability within the scope of his/her business.

Article 16 In accordance with the provisions of Articles 14-2 and 183 of the Securities and Exchange Act, the Company shall set up at least two independent directors among the directors in the preceding article, and the number shall not be less than one-fifth of the number of directors.

In the election of directors, a candidate nomination system shall be adopted in accordance with Article 192-1 of the Company Act, and independent directors and non-independent directors shall be elected together in accordance with Article 198 of the Company Act. Non-independent directors shall be elected by the shareholders' meeting from the candidates with the capacity for legal acts, and independent directors shall be elected by the shareholders' meeting from the list of candidates for independent directors. The respective number of these two types of directors elected shall be calculated separately, and the ones receiving votes with more voting rights shall be elected as independent directors and non-independent directors.

Article 17 The board of directors is organized by directors, and its functions and powers are as follows:

1. Prepare the business plan.
2. Propose an earnings distribution or loss compensation scheme.
3. Propose a capital increase or decrease plan.
4. Draft important rules and contracts.
5. Appoint and dismiss the President and Vice President of the Company.
6. Establish and dissolve branches.
7. Prepare the budget and final accounts.
8. Other functions and powers conferred by the Company Act or the resolution of the shareholders' meeting.



- Article 18 The Board of Directors shall elect one member as the Chairman of the Board of Directors in a board meeting with more than two-thirds of the directors attending and with the consent of more than half of the directors present and may elect one member as the Vice Chairman in the same way. The Chairman represents the Company externally.
- Article 19 The board meeting shall be convened by the Chairman. Unless otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted with the presence of a majority of the directors and the consent of the majority of the directors present.
- Article 20 The Chairman shall be the chairman of the board meeting. If the Chairman is on leave or unable to exercise his/her functions and powers for some reason, the situation shall be handled in accordance with Article 208 of the Company Act. Directors shall attend the board meeting in person. If a director is unable to attend the meeting for some reason, he/she shall entrust another director to attend the meeting on his/her behalf, and each time the director shall issue a proxy and list the scope of authorization based on the reasons for convening the meeting. Each director shall be entrusted by only one person.
- Article 21 The board meeting shall be convened at least once a quarter, and each director shall be notified seven days in advance. A board meeting may be convened at any time in case of emergency. The notice of the board meeting of the Company may be sent in writing or by fax or e-mail.
- Article 22 The Board of Directors is authorized to determine the remuneration of the directors of the Company in accordance with the usual standards of the industry.
- Article 23 In accordance with the provisions of the Securities and Exchange Act, the Company shall set up an Audit Committee composed of all independent directors. From the date of the establishment of the Audit Committee, the rights and responsibilities of the Company's supervisors shall be replaced by the Audit Committee, and the provisions of the Company on supervisors shall cease to apply.

## Chapter V Managers and Employees

- Article 24 The Company has one President and several first-class officers including Vice Presidents, whose appointment and dismissal shall be handled in accordance with Article 29 of the Company Act.
- Article 25 The President shall be responsible for the appointment and dismissal of employees other than managers of the Company.

## Chapter VI: Accounting

Article 26 The Company's fiscal year shall be from January 1 of each year to December 31 of the same year. After the end of each fiscal year, the Company shall prepare fiscal accounts for that year.

Article 27 At the end of each fiscal year, the board of directors shall prepare the following books and accounts and submit them to the general shareholders' meeting for recognition.

1. Business Report.
2. Financial Statements.
3. Earnings distribution or loss compensation proposal.

Article 28 If there is any surplus in the Company's annual final accounts, the Company shall first allocate the income tax payable and make up for the losses of previous years, and then allocate 10% as the legal reserve, and then allocate and reverse the special reserve in accordance with laws and regulations or the provisions of the competent authority. For the balance, the Board of Directors shall prepare a dividend or bonus distribution proposal and submit it to the shareholders' meeting for resolution.

In accordance with Article 240 of the Company Act, the Company shall authorize the Board of Directors, which shall be attended by more than two-thirds of the directors and the resolution shall be adopted by the majority of the directors present, to distribute the whole or part of the dividends and bonuses in cash and report the resolution to the shareholders' meeting. The provisions of the Articles of Association on the resolution of the shareholders' meeting shall not apply to the above.

Article 29 Considering the Company's environment and growth stage, the Company may allocate and distribute shareholders' dividends from its distributable earnings in accordance with Article 28 based on its future capital demand and long-term financial planning, while meeting the needs of shareholders for cash inflow, and the cash dividend shall not be less than 10% of the total dividend. However, the type and ratio of the earnings distribution may be adjusted by the resolution of the shareholders' meeting according to the actual profit and capital situation of the current year.

Article 30 In accordance with Article 241 of the Company Act, the Company shall authorize the Board of Directors, which shall be attended by more than two-thirds of the directors and the resolution shall be adopted by the majority of the directors present, to distribute the whole or part of the legal reserve and capital reserve in cash and report it to the shareholders' meeting.

Article 31 The Company shall distribute the remuneration of employees at 10% to 25% of the profit of the current year, and the remuneration of directors at no higher than 3% of the profit of the current year. However, if the Company still has a cumulative loss, it shall make up for the loss first.

The remuneration of employees may be paid in shares or cash, and the recipients of shares or cash may include employees of subordinate companies who meet certain conditions. The term “profit of the current year” as mentioned in Paragraph 1 refers to the Company’s profit of the current year before deducting the distributed remuneration of employees and directors.

The resolution on the distribution of the remuneration of employees and directors shall be made by the Board of Directors, which is attended by more than two-thirds of the directors and shall be adopted by the majority of the directors present, and the proposal shall be reported to the shareholders’ meeting.

## Chapter VII Supplementary Provisions

Article 32 If there are any matters not stipulated in these Articles of Incorporation, they shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 33 The Articles of Incorporation was established on October 8, 1997.

The 1st amendment was made on December 26, 1997.

The 2nd amendment was made on July 13, 2000.

The 3rd amendment was made on June 22, 2001.

The 4th amendment was made on June 4, 2002.

The 5th amendment was made on May 29, 2003.

The 6th amendment was made on May 25, 2004.

The 7th Amendment was made on June 14, 2005.

The 8th amendment was made on June 12, 2006.

The 9th Amendment was made on June 13, 2007.

The 10th Amendment was made on June 13, 2008.

The 11th Amendment was made on June 25, 2010.

The 12th Amendment was made on June 24, 2011.

The 13th Amendment was made on June 22, 2012.

The 14th Amendment was made on June 25, 2015.

The 15th amendment was made on June 20, 2017.

The 16th amendment was made on June 25, 2019.

Anpec Electronics Corporation  
Shareholding of All Directors

- (1) The legal shareholding percentage and number of shares of the current ninth-term directors of the Company are as follows:

The number of ordinary shares issued by the Company is 74,067,500.

All directors shall hold 5,925,400 shares.

- (2) As of April 23, 2023, the book-close date of the 2023 general shareholders' meeting and the number of shares held by all directors were as follows:

Title	Name	Current shareholding	
		shares	Shareholding ratio (%)
Chairman	Wang, Chih-Hsin	799,499	1.08
Director	Sheng, Kang	907,958	1.23
Director	Chen, Shan-Nan	859,930	1.16
Director	Shen, Shian-Ho	1,253,146	1.69
Director	Lin, Chun-Liang	400,560	0.54
Director	Lin, Che-Ming	1,047,314	1.41
Director	Huang, Jin-Hua	801,708	1.08
Independent Director	Chiang, Chun-Yen	-	-
Independent Director	Chien, Chuan-Sheng	-	-
Independent Director	Chien, Hui-Huan	110,000	0.15
Independent Director	Huang, Kuo-Yu		
Number and percentage of shares held by all directors		6,070,115	8.20

Note 1: The Company has set up an Audit Committee so the requirement that the number of shares held by supervisors shall not be less than a certain proportion is excluded.

Note 2: The spouse of director Lin, Chun-Liang transferred to public office on August 1, 2020; a reserved decision-making trust was therefore handled in accordance with Article 7 of the Act on Property-Declaration by Public Servants.

Note 3: The shareholding of independent directors is not included in the legal shareholding percentage of all directors.