



Stock Code: 6138

Anpec Electronics Corporation

2024 Annual Shareholders' Meeting

Meeting Handbook (Translation)

Date : June 21, 2024

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

Type of Meeting : Physical shareholders' meeting

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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

2024 Annual Shareholders' Meeting Procedure

1. Call the Meeting to Order

2. Chairman 's Address

3. Report Items

4. Ratification Items

5. Election Items

6. Extemporary Motions

7. Meeting Adjourned

Anpec Electronics Corporation

2024 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m. on June 21, 2024 (Friday)

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) 2023 Business Report.
- (2) 2023 Audit Committee's Review Report.
- (3) Report on the distribution of directors' remuneration and employees' compensation for 2023.
- (4) Report on the distribution of cash dividends from earnings for 2023.

4. Ratification Items

- (1) 2023 Business Report and Financial Statements.
- (2) Proposal for Distribution of 2023 Profits.

5. Election Items

- (1) To Elect one additional Director.

Voting by poll

6. Extemporaneous Motions

7. Meeting Adjourned

Report Items

Report 1:

Subject : 2023 Business Report.

Explanation: The 2023 Business Report is attached on page 6-12, Attachment I.

Report 2:

Subject : 2023 Audit Committee's Review Report.

Explanation: The Audit Committee's Review Report is attached on page 13, Attachment II.

Report 3:

Subject : Report on the directors' remuneration and employees' compensation for 2023.

Explanation: The Company's 2023 pre-tax profit totaled NT\$611,708,860 of which director remuneration amounted to NT\$14,478,316 and employee compensation NT\$97,728,634 both of which were paid in cash in compliance with the Articles of Incorporation, and the proposed distribution amounts are consistent with the amounts in the recognized in the financial statements.

Report 4:

Subject : Report on the distribution of cash dividends from earnings for 2023.

Explanation: (1) The Company's cash dividend to shareholders is NT\$444,939,000, at NT\$6.00 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 of this handbook on page 39 for the Earnings Distribution Table.

Ratification Items

Proposal 1:

Proposed by the Board of Directors

Subject : Adoption of the 2023 Business Report and Financial Statements.

Explanation: The Parent Company Only Financial Statements and Consolidated Financial Statements of the Company for the year 2023 have been audited by certified public accountants Li, Tien-Yi and Shu-Chien Pai of PwC Taiwan, and were approved by the Board of Directors along with the business report on February 26, 2024. The Audit Committee has also reviewed these documents and issued a Review Report. Please refer to Attachments I and III of this handbook on pages 6 to 12 and 14 to 38 for the 2023 Business Report and Financial Statements.

Resolution:

Proposal 2:

Proposed by the Board of Directors

Subject : Adoption of the Proposal for distribution of 2023 Profits.

Explanation: According to the Articles of Incorporation of the Company, the annual cash dividend resolution level of the 2023 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 on page 39 of this handbook for the Earnings Distribution Table.

Resolution:

Election Items

Proposal 1:

Proposed by the Board of Directors

Subject : To Elect one additional Director; please elect.

Explanation: (1) According to the Company's Articles of Incorporation, the Company shall have seven to thirteen directors with a term of three years. In order to strengthen the functions of the board of directors, the Board of Directors has resolved to elect an additional director at this regular shareholders' meeting. After the election, the currently term has twelve directors (including four independent directors). The term of the new director will be from the date of election at the shareholders' regular meeting on June 21, 2024 to June 20, 2026.

(2) According to the Company's "Articles of Incorporation", and Article 192-1 of the Company Act, the director shall be elected by adopting candidates' nominations system. Shareholders shall elect the director from the List of Director Candidates, whose education and professional qualifications, experience and relevant information are as follows :

Title	Name	Education, Previous Position & Current Positions	Shareholdings
Director	Jingmao Investment Co., Ltd.	None	675,000

Voting Result:

Voting by poll

Extemporary Motions

Meeting Adjourned

2023 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 end-market, and at the same time continuously enhance the Company's overall value.

III. Implementation of Business Plan

In 2023, the Company posted an individual net revenue of NT\$2,781.03 million and a net profit after tax of NT\$510.78 million, a 18.0% decrease and a 46.99% decrease from 2022, together with an EPS after tax of NT\$7.00.

IV. Revenue, Expenditure, and Implementation of Budget

(I) Revenue and Expenditure:

Unit: NT\$ thousands

Item	2023	2022
Net operating revenue	2,781,034	3,392,969
Operating costs	1,475,711	1,624,279
Gross profit	1,305,323	1,768,690
Operating expenses	792,628	910,374
Operating income	517,819	873,102
Non-operating income and expenses	93,890	283,221
Net profit before tax	611,709	1,156,323

(II) Budget Implementation

This section is not applicable as the Company has not compiled financial projections for 2023.

V. Profitability Analysis:

Item		2023	2022
Return on total assets (%)		12.05	23.33
Return on equity (%)		15.68	30.94
Proportion to paid-in capital (%)	Operating income	69.37	117.88
	Profit before tax	81.95	156.11
Net profit margin (%)		18.37	28.40
Basic earnings per share (NT\$)		7.00	13.30

VI. Important Production and Sales Policy

Looking back at 2023, the overall electronics and semiconductor industry experienced an excess inventory across the supply chain and adjustments in end-market demand, leading to a downturn in the global semiconductor market in 2023. This situation led to a phase of deep inventory digestion. In terms of demand, due to early consumption during the pandemic and the economic stagnation in 2023, end users have opted to save expenses, shifting their shopping priorities towards essential items, thereby limiting the growth of consumer electronics goods. In terms of inventory, the significant contraction in end demand in the latter half of 2022 led to a substantial increase in inventory across the industry chain, resulting in severe impacts on the overall electronics industry and related supply chains. After a year of adjustments in 2023, the overall inventory levels across the industry chain have largely returned to normal levels. The demand in the end-user market hit a bottom in the middle of 2023 and gradually recovered during the second half of the year. In the future, the Company will continue to observe changes in the global macroeconomic environment, as well as the momentum of recovery in the three major consumer markets. It is anticipated that the complete cycle of the pandemic has ended by 2023, and the economy will return to a normal cyclical pattern similar to the pre-pandemic period in 2024.

In 2023, one of the Company's operational focuses was on controlling inventory procurement to accelerate the eliminating of external inventories. On the other hand, due to sluggish end-market demand, another operational focus was to control gross margin to cope with market competition and price pressure. Additionally, there was a need for real-time and flexible production and sales coordination to meet the continuous urgent order requirements from customers. In terms of marketing in 2024, the new products in various application remain the most important cornerstone for the Company. The Company will continue to penetrate emerging application areas with new products and customized services while developing relationships with more top-tier brand customers. At the same time, the Company will strengthen the new product planning across various product lines, increase the breadth of product lines, improve market share, and enhance gross margin levels. The Company will continue to focus on high-value applications and critical components, offering customers one-stop services and cross-technology domain comprehensive system solutions. At the sales level, the Company emphasizes expansion in various application areas, leveraging channel advantages to continuously strengthen partnerships with brand customers and keep abreast of market trends in end markets. Additionally, resources are allocated to develop more leading brand customers, increase the reach of existing products to new customers, and introduce new project adoption rates. At the production level, after a year and a half of effort, the Company's overall inventory has been reduced to a healthy level. In 2024, although the market is expected to return to normal seasonal cycles, the strength of the recovery in end-market demand still requires

observation. On the other hand, prices at wafer fabs and IC packaging and testing fabs continued to rise during the pandemic, and have yet to return to pre-increase levels, significantly impacting the Company's gross margin. Managing the procurement costs of wafers and IC packaging and testing in the face of customer price adjustment pressures will be a key focus for 2024.

VII. Research and Development

The Company's research and development areas focus on Power Management, Motor Driver and Control, LED Driver, Audio Amplifier, Optical Sensor, and Discrete Power Devices. 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 Transfer and management

With the recent breakthroughs in AI applications, the demand for AI servers has significantly increased, placing greater emphasis on the efficiency requirements of Power Management ICs (PMIC). In circuit architecture and fabrication processes, the Company invests significant research and development resources to develop high-efficiency, energy-saving, and high-energy-density point of load (POL) solutions, aiming to secure a competitive position in the future AI competition. In the field of traditional servers, in addition to the aforementioned high-density POL solutions, the Company is also investing resources in developing high-precision protection IC solutions and corresponding detection technologies, with the aim of accelerating the expansion of the server customer base. In traditional PC/NB applications, with the European Union standardizing Type-C charging ports for power levels below 100W, the adoption rate of Type-C charging functionality at terminals is expected to continue to rise. The Company will develop corresponding charging management product lines, preparing for future support of charging protocols exceeding 100W and even up to 200W. The next generation of PC/NB platforms, starting from 2024, has increased support for DDR5. The Company has already taken the lead in mass-producing power management ICs for current applications in the industry. It will accelerate the development of corresponding PMIC solutions for next-generation DDR modules. In storage applications, as SSDs increasingly support the PCIe Gen5 Protocol in the future, the demand for power will rise accordingly. The Company will develop a new generation of control circuits to introduce solutions that are smaller in size yet support higher power output. In the field of in-vehicle power management, the Company will develop high-performance, low-interference communication-specific power solutions. It will collaborate with automotive chip manufacturers to develop system reference designs, gradually expanding into the automotive electronics market.

(II) Motor driver and control

In 2024, Motor Drive ICs have entered the digital signal era. The Company collaborates with various IT brands to develop efficient and multifunctional cooling fan solutions. This is aimed at enhancing the future chip computing's high-temperature heat dissipation performance, while also considering energy-saving and power-saving goals. In server applications, with the development of AI, the cooling medium has evolved from air cooling to liquid cooling to improve system stability, power consumption, and lifespan. The Company continues to develop digital high-power driving ICs to assist server clients in addressing high-temperature cooling requirements, while also simplifying the design of cooling systems. In addition to server applications, digital driving components have also expanded into various other fields. For example, in the next generation of gaming consoles, which require extensive high-speed computing, the cooling design must utilize digital control driving methods to enhance heat dissipation capabilities while meeting noise reduction requirements. Additionally, compliance with national energy consumption regulations is necessary. In the field of in-vehicle driver ICs, the Company has invested heavily to become the first domestic supplier with a complete series of automotive standard certifications. It has also achieved stable shipments in the automotive market. As the proportion of electric vehicles in the market increases, the Company will continue to strive to expand its market share. Overall, the gradual adoption of digital driver solutions in the industry helps customers effectively overcome numerous obstacles at both the customization and mass production levels. It is expected that the application areas will continue to expand, leading to a continuous increase in the Company's market share and application coverage.

(III) LED driver

The Company has been deeply involved in the LED local dimming market for many years and has secured the adoption and mass production from top-tier brand customers in the market. 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 amplifier

In the field of audio technology, the Company's main application market is in televisions and displays. 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 sensor

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.

As the number of custom projects and the complexity of specifications and performance of new products increase, the demand for expanding R&D capabilities within the company continues to rise. Internally, we continue to adjust our organization, processes and division of labor among units to improve R&D efficiency in our R&D team. The Company actively recruits R&D and engineering staff externally on an ongoing basis to expand our R&D capabilities. For the development of new applications and advanced technologies, the Company will continue to strengthen cooperation with academic and research institutions, engaging in collaborative development and technology transfer. This approach aims to accelerate the company's progress in relevant application areas and enhance the speed of project development. In terms of finance and investment, the Company has maintained a strong operational status in recent years and continues to accumulate resources. The Company will continue to focus on suitable investment targets and teams in the market, aiming to accelerate the establishment of new technologies and channels, providing more momentum for the company's future growth.

From 2022 to 2023, the electronics and semiconductor industries experienced a comprehensive downturn due to factors such as global economic weakness, inflation, geopolitical tensions, and conflicts. However, after nearly a year and a half of market correction, inventory issues in the industry chain have gradually eased. Demand for mature consumer products in traditional application areas such as smartphones, laptops, and televisions are expected to gradually recover. Meanwhile, emerging applications such as artificial intelligence, high-performance computing, automotive electronics, and 5G are expected to continue to develop. Overall, it is anticipated that demand in the electronics and semiconductor industries will gradually return to normal in 2024. Strengthening market share and improving gross margin levels will be key focuses for the Company's operations. The Company will continue to allocate resources to strengthen the development of new technologies and products. Additionally, it will actively promote these new products to secure more design wins, becoming a driving force for the Company's ongoing growth. At the same time, the management team will continue to monitor

the speed of economic recovery in various regions, the actual trend of inflation, and currency fluctuations, in order to respond promptly to changes in the global industrial environment.

In addition to operations, the management team aims for sustainable business practices, upholding our core values and corporate culture, actively embracing the role of corporate citizenship. The Company has established an ESG (Environmental, Social, and Governance) team to promote sustainability initiatives. On the environmental front, it continues to advocate for energy conservation and carbon reduction, contributing to efforts to combat climate change. On the social front, the Company encourages employee participation in charitable activities, emphasizes employee rights and welfare, and enhances employee care to provide a friendly and safe workplace environment. In terms of governance, it strengthens the functions of the board of directors, implements integrity in operations, and enhances information transparency. The Company aspires to achieve sustainability through ESG practices, collaborating with employees, customers, and suppliers to create higher value for the industry and to realize corporate sustainability goals.

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 2023 Business Report, Financial Statements and proposal for earnings distribution. Of which, the financial statements have been audited by certified public accountants Li, Tien-Yi and Shu-Chien Pai 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

2024 Annual Shareholders' Meeting of Anpec Electronics Corporation

Chairman of the Audit Committee: Chiang, Chun-Yen

February 26, 2024

(Attachment III)

INDEPENDENT AUDITORS' REPORT

PWCR23000477

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 matter for the Group's 2023 consolidated financial statements is stated as follows:

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, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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.

Li, Tien-Yi

Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

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

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,201,834	20	\$ 1,932,356	32
1110	Financial assets at fair value through profit or loss - current	6(2)	177,187	3	175,095	3
1136	Current financial assets at amortised cost	6(3)	738,195	12	-	-
1150	Notes receivable, net	6(4)	44	-	-	-
1170	Accounts receivable, net	6(4)	1,015,098	17	739,470	12
1200	Other receivables		14,010	-	20,714	1
130X	Inventories	6(5)	1,126,705	19	1,592,919	26
1410	Prepayments		124,290	2	70,989	1
11XX	Total current assets		4,397,363	73	4,531,543	75
Non-current assets						
1535	Non-current financial assets at amortised cost	6(3) and 8	5,263	-	-	-
1600	Property, plant and equipment	6(6)	745,315	13	688,612	11
1755	Right-of-use assets	6(7)	129,987	2	135,100	2
1780	Intangible assets	6(8)	39,197	1	29,197	1
1840	Deferred income tax assets	6(28)	58,055	1	58,233	1
1900	Other non-current assets	6(9)(14)	622,385	10	621,002	10
15XX	Total non-current assets		1,600,202	27	1,532,144	25
1XXX	Total assets		\$ 5,997,565	100	\$ 6,063,687	100

(Continued)

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 202,000	3	\$ 125,000	2
2150	Notes payable		1,152	-	2,367	-
2170	Accounts payable		519,230	9	388,926	7
2200	Other payables	6(11)	465,432	8	627,756	10
2230	Current income tax liabilities		258,457	4	254,233	4
2280	Current lease liabilities		4,806	-	5,847	-
2300	Other current liabilities		4,106	-	11,398	-
21XX	Total current liabilities		1,455,183	24	1,415,527	23
Non-current liabilities						
2540	Long-term borrowings	6(12)	118,000	2	-	-
2570	Deferred income tax liabilities	6(28)	6,112	-	3,317	-
2580	Non-current lease liabilities		129,721	2	132,989	2
2600	Other non-current liabilities	6(13)	232,489	4	401,656	7
25XX	Total non-current liabilities		486,322	8	537,962	9
2XXX	Total liabilities		1,941,505	32	1,953,489	32
Equity attributable to owners of parent						
	Share capital	6(16)				
3110	Common stock		746,415	13	740,695	12
	Capital surplus	6(17)				
3200	Capital surplus		795,222	14	711,186	12
	Retained earnings	6(18)				
3310	Legal reserve		610,559	10	513,819	9
3320	Special reserve		5,597	-	5,597	-
3350	Unappropriated retained earnings		1,162,862	19	1,410,440	23
	Other equity interest	6(19)				
3400	Other equity interest		(56,659)	(1)	(16,224)	-
3500	Treasury stocks	6(16)	(57,774)	(1)	(58,143)	(1)
31XX	Total equity attributable to owners of the parent		3,206,222	54	3,307,370	55
36XX	Non-controlling interest		849,838	14	802,828	13
3XXX	Total equity		4,056,060	68	4,110,198	68
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 5,997,565	100	\$ 6,063,687	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
				2023		2022	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20)		\$	5,416,250	100	\$	6,381,606
5000 Operating costs	6(5)		(	3,667,077)	(68)	(	3,755,693)
5900 Gross profit				1,749,173	32		2,625,913
Operating expenses	6(26)(27)						
6100 Selling expenses			(	356,196)	(7)	(	424,685)
6200 General and administrative expenses			(	158,016)	(3)	(	212,269)
6300 Research and development expenses			(	564,465)	(10)	(	618,990)
6000 Total operating expenses			(	1,078,677)	(20)	(	1,255,944)
6500 Other income and expenses - net	6(21)			-	-		9,993
6900 Operating profit				670,496	12		1,379,962
Non-operating income and expenses							
7100 Interest income	6(22)			36,292	1		12,859
7010 Other income	6(23)			3,718	-		4,595
7020 Other gains and losses	6(25)			15,477	-		129,346
7050 Finance costs	6(24)		(	7,287)	-	(	2,680)
7000 Total non-operating income and expenses				48,200	1		144,120
7900 Profit before income tax				718,696	13		1,524,082
7950 Income tax expense	6(28)		(	127,616)	(2)	(	306,769)
8200 Profit for the year			\$	591,080	11	\$	1,217,313
Components of other comprehensive income that will not be reclassified to profit or loss							
8311 Gains on remeasurements of defined benefit plans	6(14)		\$	771	-	\$	4,741
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)		(	154)	-	(	948)
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Cumulative translation differences of foreign operations			(	557)	-		1,281
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)			111	-	(	256)
8300 Total other comprehensive income for the year			\$	171	-	\$	4,818
8500 Total comprehensive income for the year			\$	591,251	11	\$	1,222,131
Profit attributable to:							
8610 Owners of the parent			\$	510,788	10	\$	963,604
8620 Non-controlling interest			\$	80,292	1	\$	253,709
Comprehensive income attributable to:							
8710 Owners of the parent			\$	510,959	10	\$	968,422
8720 Non-controlling interest			\$	80,292	1	\$	253,709
Earnings per share (in dollars)							
9750 Basic earnings per share	6(29)		\$		7.00	\$	13.30
Diluted earnings per share (in dollars)							
9850 Diluted earnings per share	6(29)		\$		6.85	\$	12.56

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

		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>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		6(19)	-	-	-	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(15)(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 non-controlling 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			<u>\$ 740,695</u>	<u>\$ 711,186</u>	<u>\$ 513,819</u>	<u>\$ 5,597</u>	<u>(\$ 1,932)</u>	<u>(\$ 14,292)</u>	<u>(\$ 58,143)</u>	<u>\$ 3,307,370</u>	<u>\$ 802,828</u>	<u>\$ 4,110,198</u>
<u>2023</u>												
Balance at January 1, 2023			\$ 740,695	\$ 711,186	\$ 513,819	\$ 5,597	(\$ 1,932)	(\$ 14,292)	(\$ 58,143)	\$ 3,307,370	\$ 802,828	\$ 4,110,198
Profit for the year			-	-	-	510,788	-	-	-	510,788	80,292	591,080
Other comprehensive income (loss) for the year		6(19)	-	-	-	617	(446)	-	-	171	-	171
Total comprehensive income (loss)			-	-	-	511,405	(446)	-	-	510,959	80,292	591,251
Appropriation of 2022 earnings:		6(18)										
Legal reserve			-	96,740	-	(96,740)	-	-	-	-	-	-
Cash dividends			-	-	-	(662,243)	-	-	-	(662,243)	-	(662,243)
Compensation cost of employee restricted shares		6(15)(19)	-	-	-	-	-	31,478	-	31,478	1,523	33,001
Employee restricted shares retired		6(15)(16)(17)(19)	(70)	(838)	-	-	-	908	-	-	-	-
Issuance of employee restricted shares		6(15)(16)(17)(19)	5,790	66,585	-	-	-	(72,375)	-	-	-	-
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage		6(17)	-	3,368	-	-	-	-	-	3,368	4,391	7,759
Adjustment of the shares of company held by subsidiaries accounted for as treasury stock			-	-	-	-	-	-	369	369	(369)	-
Issuance of new shares from employees' compensation of subsidiaries		6(17)	-	8,982	-	-	-	-	-	8,982	23,868	32,850
Issuance of employee restricted stocks by subsidiaries		6(17)	-	5,939	-	-	-	-	-	5,939	(5,939)	-
Cash dividends paid by a subsidiary to non-controlling interests			-	-	-	-	-	-	-	-	(56,756)	(56,756)
Balance at December 31, 2023			<u>\$ 746,415</u>	<u>\$ 795,222</u>	<u>\$ 610,559</u>	<u>\$ 5,597</u>	<u>(\$ 2,378)</u>	<u>(\$ 54,281)</u>	<u>(\$ 57,774)</u>	<u>\$ 3,206,222</u>	<u>\$ 849,838</u>	<u>\$ 4,056,060</u>

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

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 718,696	\$ 1,524,082
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(26)	163,467	139,695
Amortization	6(8)(26)	24,532	11,543
Share-based payments	6(15)(27)	33,001	77,077
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(25)	(2,092)	(909)
Loss (gain) on disposal of property, plant and equipment	6(25)	150	(1,584)
Interest income	6(22)	(36,292)	(12,859)
Interest expense	6(24)	7,287	2,680
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(44)	19
Accounts receivable		(275,628)	661,048
Other receivables		6,704	(3,871)
Inventories		466,214	(818,402)
Prepayments (including long-term prepayments)		(70,653)	(278,237)
Net defined benefit asset		(439)	(927)
Changes in operating liabilities			
Notes payable		(1,215)	1,215
Accounts payable		130,304	(339,789)
Other payables		(113,130)	24,201
Other current liabilities		(7,292)	2,722
Cash inflow generated from operations		1,043,570	987,704
Interest received		36,292	12,859
Interest paid		(7,287)	(2,680)
Income tax paid		(120,462)	(339,282)
Net cash flows from operating activities		<u>952,113</u>	<u>658,601</u>

(Continued)

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortised cost		(\$ 743,458)	\$ 370,000
Acquisition of property, plant and equipment	6(30)	(229,862)	(155,006)
Proceeds from disposal of property, plant and equipment		-	2,704
Acquisition of intangible assets	6(8)	(34,532)	(27,645)
Decrease (increase) in refundable deposits	6(9)	19,084	(162,503)
Net cash flows (used in) from investing activities		(988,768)	27,550
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	1,328,000	125,000
Repayments of short-term borrowings	6(31)	(1,251,000)	-
Proceeds from long-term borrowings	6(31)	118,000	-
(Decrease) increase in guarantee deposits received	6(31)	(169,167)	60,443
Repayments of principal portion of lease liabilities		(7,984)	(8,466)
Cash dividends paid	6(30)	(654,484)	(656,010)
Cash dividends distributed to non-controlling interest		(56,756)	(136,215)
Net cash flows used in financing activities		(693,391)	(615,248)
Effect of exchange rate changes		(476)	1,220
Net (decrease) increase in cash and cash equivalents		(730,522)	72,123
Cash and cash equivalents at beginning of year		1,932,356	1,860,233
Cash and cash equivalents at end of year		\$ 1,201,834	\$ 1,932,356

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23004058

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 matter for the Company's 2023 parent company only financial statements is stated as follows:

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.

Li, Tien-Yi

Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

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

Assets			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	891,217	21	\$	1,677,065	39
1110	Financial assets at fair value through profit or loss - current	6(2)		177,187	4		175,095	4
1136	Current financial assets at amortised cost	6(3)		738,195	18		-	-
1170	Accounts receivable, net	6(4)		581,116	14		449,135	11
1200	Other receivables			12,324	-		15,753	-
130X	Inventories	6(5)		393,684	9		604,568	14
1410	Prepayments			2,676	-		2,545	-
11XX	Total current Assets			2,796,399	66		2,924,161	68
Non-current assets								
1535	Non-current financial assets at amortised cost	6(3) and 8		5,263	-		-	-
1550	Investments accounted for under equity method	6(6)		696,546	16		668,090	16
1600	Property, plant and equipment	6(7)		498,215	12		438,854	10
1755	Right-of-use assets	6(8)		129,987	3		134,023	3
1760	Investment property - net	6(10)		22,185	1		23,628	1
1780	Intangible assets	6(11)		34,613	1		22,589	-
1840	Deferred income tax assets	6(27)		38,661	1		38,464	1
1900	Other non-current assets	6(13)		10,113	-		26,267	1
15XX	Total non-current assets			1,435,583	34		1,351,915	32
1XXX	Total assets		\$	4,231,982	100	\$	4,276,076	100

(Continued)

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2150	Notes payable		\$	1,152	-	\$	2,367	-
2170	Accounts payable			247,165	6		148,864	4
2180	Accounts payable - related parties	7		9,243	-		2,014	-
2200	Other payables	6(12)		370,066	9		462,339	11
2220	Other payables to related parties			355	-		-	-
2230	Current income tax liabilities			201,652	5		162,099	4
2280	Current lease liabilities			4,806	-		4,758	-
2310	Advance receipts	7		498	-		1,184	-
2399	Other current liabilities, others			2,375	-		7,561	-
21XX	Total current Liabilities			837,312	20		791,186	19
Non-current liabilities								
2570	Deferred income tax liabilities	6(27)		4,159	-		2,525	-
2580	Non-current lease liabilities			129,721	3		132,989	3
2600	Other non-current liabilities	7		54,568	1		42,006	1
25XX	Total non-current liabilities			188,448	4		177,520	4
2XXX	Total Liabilities			1,025,760	24		968,706	23
Equity								
	Share capital	6(15)						
3110	Common stock			746,415	18		740,695	17
	Capital surplus	6(16)						
3200	Capital surplus			795,222	19		711,186	16
	Retained earnings	6(17)						
3310	Legal reserve			610,559	14		513,819	12
3320	Special reserve			5,597	-		5,597	-
3350	Unappropriated retained earnings			1,162,862	27		1,410,440	33
	Other equity interest	6(18)						
3400	Other equity interest		(	56,659)	(1)	(	16,224)	-
3500	Treasury stocks	6(15)	(	57,774)	(1)	(	58,143)	(1)
3XXX	Total equity			3,206,222	76		3,307,370	77
3X2X	Total liabilities and equity		\$	4,231,982	100	\$	4,276,076	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
Items	Notes	2023		2022			
		AMOUNT	%	AMOUNT	%		
4000 Operating revenue	6(19)	\$ 2,781,034	100	\$ 3,392,969	100		
5000 Operating costs	6(5)	(1,475,711)	(53)	(1,624,279)	(48)		
5900 Gross profit		<u>1,305,323</u>	<u>47</u>	<u>1,768,690</u>	<u>52</u>		
Operating expenses	6(25)(26)						
6100 Selling expenses		(276,760)	(10)	(329,855)	(10)		
6200 General and administrative expenses		(96,239)	(3)	(127,883)	(4)		
6300 Research and development expenses		(419,629)	(15)	(452,636)	(13)		
6000 Total operating expenses		<u>(792,628)</u>	<u>(28)</u>	<u>(910,374)</u>	<u>(27)</u>		
6500 Other income and expenses - net	6(20)	<u>5,124</u>	<u>-</u>	<u>14,786</u>	<u>-</u>		
6900 Operating profit		<u>517,819</u>	<u>19</u>	<u>873,102</u>	<u>25</u>		
Non-operating income and expenses							
7100 Interest income	6(21)	27,145	1	10,783	-		
7010 Other income	6(22)	11,043	-	9,415	-		
7020 Other gains and losses	6(23)	234	-	76,980	3		
7050 Finance costs	6(24)	(2,068)	-	(2,115)	-		
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>57,536</u>	<u>2</u>	<u>188,158</u>	<u>6</u>		
7000 Total non-operating income and expenses		<u>93,890</u>	<u>3</u>	<u>283,221</u>	<u>9</u>		
7900 Profit before income tax		<u>611,709</u>	<u>22</u>	<u>1,156,323</u>	<u>34</u>		
7950 Income tax expense	6(27)	(100,921)	(4)	(192,719)	(6)		
8200 Profit for the year		<u>\$ 510,788</u>	<u>18</u>	<u>\$ 963,604</u>	<u>28</u>		
Components of other comprehensive income that will not be reclassified to profit or loss							
8311 Gains on remeasurements of defined benefit plan	6(13)	\$ 771	-	\$ 4,741	-		
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(154)	-	(948)	-		
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Cumulative translation differences of foreign operations		(557)	-	1,281	-		
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	<u>111</u>	<u>-</u>	<u>(256)</u>	<u>-</u>		
8300 Other comprehensive income for the year		<u>\$ 171</u>	<u>-</u>	<u>\$ 4,818</u>	<u>-</u>		
8500 Total comprehensive income for the year		<u>\$ 510,959</u>	<u>18</u>	<u>\$ 968,422</u>	<u>28</u>		
Earnings per share (in dollars)	6(28)						
9750 Basic earnings per share		<u>\$ 7.00</u>		<u>\$ 13.30</u>			
Diluted earnings per share (in dollars)	6(28)						
9850 Diluted earnings per share		<u>\$ 6.85</u>		<u>\$ 12.56</u>			

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

	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other equity interest			Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity	Treasury stocks	
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:										
Legal reserve		-	-	93,119	-	(93,119)	-	-	-	-
Cash dividends		-	-	-	-	(663,786)	-	-	-	(663,786)
Compensation cost of employee restricted shares	(18)	-	-	-	-	-	-	77,077	-	77,077
Employee restricted shares retired	(15)(16)(18)	(430)	3,981	-	-	-	-	(3,551)	-	-
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage		-	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

(Continued)

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(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	
<u>2023</u>										
Balance at January 1, 2023		\$ 740,695	\$ 711,186	\$ 513,819	\$ 5,597	\$ 1,410,440	(\$ 1,932)	(\$ 14,292)	(\$ 58,143)	3,307,370
Profit for the year		-	-	-	-	510,788	-	-	-	510,788
Other comprehensive income (loss) for the year		-	-	-	-	617	(446)	-	-	171
Total comprehensive income (loss)		-	-	-	-	511,405	(446)	-	-	510,959
Appropriation of 2022 earnings:										
Legal reserve		-	-	96,740	-	(96,740)	-	-	-	-
Cash dividends		-	-	-	-	(662,243)	-	-	-	(662,243)
Compensation cost of employee restricted shares	(18)	-	-	-	-	-	-	31,478	-	31,478
Employee restricted shares retired	(15)(16)(17)	(70)	(838)	-	-	-	-	908	-	-
Issuance of employee restricted shares	(15)(16)(18)	5,790	66,585	-	-	-	-	(72,375)	-	-
Adjustment of the shares of the company held by subsidiaries accounted for as treasury stock		-	-	-	-	-	-	-	369	369
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage		-	3,368	-	-	-	-	-	-	3,368
Issuance of new shares from employee's compensation of subsidiaries		-	8,982	-	-	-	-	-	-	8,982
Issuance of employee restricted stocks by subsidiaries		-	5,939	-	-	-	-	-	-	5,939
Balance at December 31, 2023		\$ 746,415	\$ 795,222	\$ 610,559	\$ 5,597	\$ 1,162,862	(\$ 2,378)	(\$ 54,281)	(\$ 57,774)	3,206,222

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

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 611,709	\$ 1,156,323
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(25)	132,832	112,444
Amortization	6(10)(25)	22,170	10,333
Share-based payments	6(14)(26)	31,478	77,077
Gain on financial assets and liabilities at fair value through profit or loss	6(2)(23)	(2,092)	(909)
Share of profit of subsidiary, associates accounted for using equity method	6(6)	(57,536)	(188,158)
Gain on disposal of property, plant and equipment	6(23)	-	(1,616)
Interest income	6(21)	(27,145)	(10,783)
Interest expense	6(24)	2,068	2,115
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(131,981)	397,375
Other receivables		3,429	(264)
Inventories		210,884	(333,637)
Prepayments		(131)	19,625
Net defined benefit asset		(439)	(927)
Changes in operating liabilities			
Notes payable		(1,215)	1,215
Accounts payable		98,301	(110,458)
Accounts payable to related parties		7,229	(4,769)
Other payables to related parties		355	-
Other payables		(74,850)	7,166
Other current liabilities		(5,872)	211
Cash inflow generated from operations		819,194	1,132,363
Interest received		27,145	10,783
Dividend received		43,543	104,502
Income tax paid		(59,974)	(212,550)
Interest paid		(2,068)	(2,115)
Net cash flows from operating activities		<u>827,840</u>	<u>1,032,983</u>

(Continued)

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(29)	(\$ 202,367)	(\$ 121,813)
Proceeds from disposal of property, plant and equipment		-	2,704
Acquisition of intangible assets	6(11)	(34,194)	(20,809)
Decrease (increase) in refundable deposits		19,269	(15,637)
(Increase) decrease in financial assets at amortised cost		(743,458)	370,000
Proceeds from capital reduction of investments accounted for using equity method		3,638	-
Net cash flows (used in) from investing activities		(957,112)	214,445
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in guarantee deposits received	6(30)	12,562	(5,167)
Repayment of principal portion of lease liabilities	6(30)	(6,895)	(6,738)
Cash dividends paid		(662,243)	(663,786)
Net cash flows used in financing activities		(656,576)	(675,691)
Net (decrease) increase in cash and cash equivalents		(785,848)	571,737
Cash and cash equivalents at beginning of year		1,677,065	1,105,328
Cash and cash equivalents at end of year		\$ 891,217	\$ 1,677,065

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

Anpec Electronics Corporation
Earnings Distribution Table
2023

Unit: NT\$	
Item	Amount
Unappropriated earnings at the beginning of the year	651,457,647
Plus: Adjustment to retained earnings in 2023	616,868
Unappropriated earnings after adjustment	652,074,515
Plus: Net profit after tax of the current period	510,788,274
Less: Legal reserve appropriated	(51,140,514)
Earnings available for distribution	1,111,722,275
Earnings distribution items:	
Dividend to shareholders — cash (NT\$6.00 per share)	444,939,000
Unappropriated earnings at the end of the year	666,783,275

Note:

1. The Company's distribution principle is to first distribute the 2023 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 74,156,500 shares issued and outstanding on February 26, 2024; 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 2023 is the actuarial benefit of the defined benefit plan of NT\$616,868.

Chairman: Wang, Chih-Hsin

President: Wang, Chih-Hsin

Accounting Officer: Huang, Kui-Yi

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
Shareholdings of All Directors

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

The number of ordinary shares issued by the Company is 75,049,500.

All directors shall hold 6,003,960 shares.

- (2) As of April 23, 2024, the book-close date of the 2024 annual shareholders' meeting and the number of shares held by all directors were as follows:

Title	Name	Current shareholdings	
		shares	Shareholdings ratio (%)
Chairman	Wang, Chih-Hsin	799,499	1.07
Director	Sheng, Kang	922,958	1.23
Director	Chen, Shan-Nan	829,930	1.11
Director	Shen, Shian-Ho	1,113,146	1.48
Director	Lin, Chun-Liang	400,560	0.53
Director	Lin, Che-Ming	1,250,314	1.67
Director	Huang, Jin-Hua	902,708	1.20
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		6,219,115	8.29

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 shareholdings of independent directors are not included in the legal shareholding percentage of all directors.