

Stock Code: 6108

APCB INC.

2023 Annual Shareholders' Meeting

Meeting Handbook

Type of Meeting: Physical Meeting

Meeting Time: June 14, 2023

Meeting Venue: No. 240, Sec. 3, Dagan Rd., Banqiao

Dist., New Taipei City

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APCB INC.

2023 Annual Shareholders' Meeting Procedure

I. Calling Meeting to Order

II. Chairperson's Address

III. Report Items

IV. Proposals

V. Election Matters

VI. Discussion

VII. Extraordinary Motions

VIII. Adjournment

APCB INC.

2023 Annual Shareholders' Meeting Agenda

- I. Time: 9:00 a.m. on Wednesday, June 14, 2023
- II. Venue: No. 240, Sec. 3, Dagan Rd., Banqiao Dist., New Taipei City (Qukunlun Park Activity Center)
- III. Type of Meeting: Physical Meeting
- IV. Reporting Total Number of Shares Represented and Calling Meeting to Order by Chairperson
- V. Chairperson's Address
- VI. Report Items
 - (I) 2022 Business Report
 - (II) 2022 Audit Committee Report
 - (III) Report on Endorsements/Guarantees Status in 2022
 - (IV) Report on Loaning of Funds in 2022
 - (V) Report on Investment status in Mainland China in 2022
 - (VI) Report on Distribution of Remuneration to Employees, Directors and Supervisors of 2022
 - (VII) Amendments to the "Regulations Governing Procedure for the Board of directors Meeting."
- VII. Proposals
 - (I) The Company's 2022 financial statements and business report are proposed for acceptance.
 - (II) The Company's 2022 earnings allocation is proposed for acceptance.
- VIII. Election Matters
 - (I) Increase election and Replenish election of directors (including independent directors).
- IX. Discussion
 - (I) The motion to release newly elected directors and their representatives from the prohibition of competition is proposed for resolution.
- X. Extraordinary motions.
- XI. Adjournment

Report Items

I. 2022 Business Report

Explanation: Please refer to page 4-5 of this meeting handbook.

II. 2022 Audit Report of Audit Committee

Explanation: Please refer to the “Audit committee report” on page 6 of this meeting handbook.

III. Report on Endorsements/Guarantees Status in 2022

Explanation: Please refer to page 7 of this meeting handbook.

IV. Report on Loaning of Funds in 2022

Explanation: Please refer to page 8 of this meeting handbook.

V. Report on Investment status in Mainland China in 2022

Explanation: Please refer to page 9 of this meeting handbook.

VI. Report on Distribution of Remuneration to Employees, Directors and Supervisors of 2022

- Explanation:
- I. The distribution is pursuant to the provisions of Article 19 of the Company’s Articles of Incorporation.
 - II. For 2022, the Company appropriated NT\$3,323,332 for remuneration to employees and NT\$1,400,000 for remuneration to directors, all of which are paid in cash. There was no difference between the payment amount and the estimated amount in the year in which the expenses were recognized.
 - III. The proposal has been reviewed by the remuneration committee and approved by the board of directors; thereafter, it is reported to the shareholders’ meeting pursuant to laws.

VII. Amendments to the “Regulations Governing Procedure for the Board of directors Meeting.”

Description: In response to the amendments to the laws and regulations. Please refer to page 10-11 of this agenda handbook for the Comparison Table of the Amended Articles.

2022 Business Report

In early 2022, the Covid-19 pandemic has been under control. However, Russia started the war in Ukraine, which triggered the global energy and raw material shortage. Moreover, the quantitative easing policy adopted by central banks in Europe and U.S. for the economics in the pandemic has caused global inflation. To erase the inflation, the U.S. government raised the interest rate by 4.25% this year, which makes 2022 a year full of financial and economic turmoil.

The operating revenue of the Company in 2022 was NT\$1,434,909, a decrease of 39.51% compared to 2021, and the gross operating loss was NT\$107,828 thousand, a decrease of 143.53%. The reason of the decrease was that the demand for NB CAM module board and SMD LED packaging board for desktops and laptops dramatically decreased due to the ease of the pandemic. The gross operating loss was incurred by the dramatical decrease of operating revenue.

The Company's 2022 consolidated operating revenue was NT\$6,954,943 thousand, a decrease of 23.61% compared to 2021, and the consolidated operating gross profit was NT\$510,435 thousand, a decrease of 59.64% compared to 2021. Apart from the decrease of operating revenues for the Company, the operating revenue for subsidiary APCB Electronics (Kun Shan) and APCB Electronics (Thailand) also decreased compared to the previous year. APCB Electronics (Kun Shan) stopped operation for 1 month due to the local pandemic regulations, and the demand for memory module boards in Q4 decreased dramatically. These factors led to the decrease of 21.61% in operating revenue compared to the previous year. For APCB Electronics (Thailand), the operating revenue decreased by 5.46% compared to the previous year due to the decreased demand in power supply boards. As the consolidated revenue decreased dramatically, the consolidated operating gross profit decreased dramatically as well.

In 2023, the impact of pandemic almost disappears as the lockdown in China was lifted. However, the inflation which led to the huge increase in interest rates in the U.S. that caused global financial and economic turmoil is still going on. The inflation does not ease down as expected, and the economics of consumer electronic products is still not recovering. The upstream industry expects that the economic will bounce back in the second half of the year. We expect to resume normal operation by then.

(I) Business Plan Implementation Results

Unit: NTD thousand

Items \ Year	2022	2021	Variance Ratio
Operating revenue	6,954,943	9,104,032	-23.61%
Operating costs	6,444,508	7,839,298	-17.79%
Operating Income	510,435	1,264,734	-59.64%
Operating expenses	653,137	788,363	-17.15%
Operating net income	-142,702	476,371	-129.96%
Non-operating revenue and expenses	176,482	-153,377	-215.06%
Net income (losses) before tax	33,780	322,994	-89.54%
Net income (losses) of the period	34,874	240,415	-85.49%

(II) Analysis of financial balance and profitability

Items \ Year	2022	2021	
Financial Structure	Debt to asset ratio	58.70%	61.69%
	Long-term funds to property, plant and equipment ratio	183.15%	171.54%
Profitability	Return on assets	1.29%	2.97%
	Return on Equity	0.97%	6.84%
	Profit before tax to paid-in capital ratio	2.11%	20.20%
	Profit margin	0.50%	2.64%
	Earnings per share	\$0.22	\$1.50

Chairman:
Tsao, Yueh-Hsia

Manager:
Lai, Chin-Tsai

Accounting Supervisor:
Tsai, Cheng-Hung

APCB INC.
Audit Committee Report

The board of directors has prepared the Company's 2022 Business Report, Financial Statements, and earnings allocation proposal. The CPA firm of KPMG was retained to audit the company's financial statements and has issued an audit report. The foregoing business report, financial statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the audit committee members. According to applicable requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report

To

2023 Annual Shareholders' Meeting of APCB INC.

APCB INC.
Convener of Audit Committee: Chang, Hui

March 24, 2023

Report on Endorsements/Guarantees Status in 2022

Unit: NTD thousand

Endorsement/ guarantee provider Company Name	Guaranteed party		Limits on endorsement/ guarantee amount provided to each guaranteed party	Maximum Balance of endorsement/ guarantee for the Period	Ending Balance of endorsement/ guarantee	Amount actually drawn for the period	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net worth stated in latest financial statements	Maximum endorsement/ guarantee amount allowable
	Company Name	Relation							
The Company	APCB Electronics (Kunshan) Co., Ltd.	Investee company accounted by the equity method	2,893,310	1,166,980	936,655	230,325	-	25.90%	3,616,638
The Company	APCB Electronics (Thailand) Co., Ltd.	Investee company accounted by the equity method	2,893,310	1,182,765	1,182,765	499,652	-	32.70%	3,616,638

Note: According to the Company's "Procedures of Endorsements/Guarantees," the total amount of the Company's external endorsements/guarantees shall not exceed 100% of the Company's net worth stated in the latest financial statements, and the amount of endorsements/guarantees to each company shall not exceed 80% of the Company's net worth stated in the latest financial statements. For those engaged in endorsements/guarantees due to dealings, the amount shall not exceed the total amount of transactions with the company in the latest year (the higher amount of purchases or sales between the two parties).

Report on Loaning of Funds in 2022:

Unit: USD thousand/CNY thousand

Financing company	Counterparty	Maximum balance for the period	Ending balance	Amount actually drawn for the period	Interest rate range (%)	Nature for financing	Amount of business dealings	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company	Financing company's total financing amount limits
										Item	Value		
APCB Holdings LIMITED	APCB Electronics (Thailand) Co., Ltd.	USD9,590	USD9,590	USD9,590	0	Short-term financing	-	The need for working capital	-	-	USD9,591	USD9,591	
U-PEAK Ltd.	APCB Electronics (Thailand) Co., Ltd.	USD16,900	USD4,900	USD4,900	0	Short-term financing	-	The need for working capital	-	-	USD56,304	USD56,304	
U-PEAK Ltd.	APCB International Co., Ltd.	USD24,200	USD24,200	USD24,200	0	Short-term financing	-	The need for working capital	-	-	USD56,304	USD56,304	
GREEN ELITE LIMITED	APCB International Co., Ltd.	USD1,000	USD1,000	USD1,000	0	Short-term financing	-	The need for working capital	-	-	USD1,261	USD1,261	
MAXFIRST LIMITED	APCB Electronics (Thailand) Co., Ltd.	USD2,000	-	-	0	Short-term financing	-	The need for working capital	-	-	-	-	
MAXFIRST LIMITED	APCB International Co., Ltd.	USD3,000	-	-	0	Short-term financing	-	The need for working capital	-	-	-	-	
MAXFIRST LIMITED	PROSPER PLUS LIMITED	USD2,000	-	-	0	Short-term financing	-	The need for working capital	-	-	-	-	
PROSPER PLUS LIMITED	APCB Electronics (Thailand) Co., Ltd.	USD3,000	USD3,000	USD3,000	0	Short-term financing	-	The need for working capital	-	-	USD5,335	USD5,335	
PROSPER PLUS LIMITED	APCB International Co., Ltd.	USD2,000	USD2,000	USD2,000	0	Short-term financing	-	The need for working capital	-	-	USD5,335	USD5,335	

Note: According to the Company's "Procedure of Loaning of Funds to Others," the total amount of funds loaned to others is limited to 40% of the net worth stated in the latest financial statements. The total amount of funds loaned to others for the need of short-term inter-company or inter-enterprise financing shall not exceed 40% of the Company's net worth stated in its latest financial statements, and the amount of loans to each company/enterprise shall not exceed 30% of the Company's net worth stated in its latest financial statements. For those companies/enterprises with which the Company has business dealings, the maximum amount shall not exceed 40% of the Company's net worth stated in the latest financial statements; the amount of each loan shall be limited to the amount of business dealings between the two parties. The amount of business dealings refers to the higher of the purchase or sale amount between two parties. According to the "Regulations Governing Investee Companies' Loaning of Funds to Others" formulated by the Company, the loan of funds between foreign companies in which the company directly or indirectly owns 100% of the voting shares is not subject to the limit of 40% of the net worth of the Company and the term of one year. However, the total amount of the loan shall not exceed 100% of the net worth of the company of the loan; each limit shall not exceed 100% of the net worth of the company of the loan. Besides this, the term shall not exceed five years.

Report on Investment status in Mainland China in 2022:

Unit: \$thousand

Investee Company in Mainland China	Main Businesses	Paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment inflow and outflow of the period		Accumulated Outflow of Investment from Taiwan of the period	Percentage of direct or indirect shareholding of the Company	Share of profits/losses of the period (note)	Carrying Amount as of the end of the period (note)	Accumulated inward remittance of earnings as of the end of the period
					Outflow	Inflow					
APCB Electronics (Kunshan) Co., Ltd.	Design, development, production and operation of multilayer circuit boards and new electronic components	US\$25,500	Investment in Mainland China companies through an existing company established in a third region	US\$26,675	-	-	US\$26,675	100%	US\$4,633	US\$52,403	US\$136,282
HAO DUO Electronics Co., Ltd.	Sales and purchase of circuit boards	US\$210	Investment in Mainland China companies through an existing company established in a third region	US\$210	-	-	US\$210	100%	US\$-163	US\$1,681	-

Accumulated outflow of investment from Taiwan as of the end of the period	Investment amounts authorized by investment commission, MOEA	Upper limit on investment in Mainland China stipulated by investment commission, MOEA
US\$26,885 thousand	US\$26,885 thousand	NT\$2,169,983 thousand

Note: The investment profit/loss and carrying amounts disclosed by the Company represent the amounts of each direct or indirect investment. The investment profit recognized by the Company is based on the investee company's financial statements audited by the parent company's certified public accountants in Taiwan and is accounted by the equity method.

Comparison Table of the Amended Articles of “Regulations Governing Procedure for the Board of directors Meeting”

Article	Before Amendment	After Amendment
Article 3	<p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. <u>In emergency circumstances or just cause,</u>None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.</p>	<p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.</p>
Article 12	<p>The matters listed below shall be raised for discussion at a board meeting of the Company:</p> <p>I. (slightly)</p> <p>II.(slightly)</p> <p>III.(slightly)</p> <p>IV.(slightly)</p> <p>V.(slightly)</p> <p><u>VI.</u>The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>VII.</u>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>VIII.</u>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or the articles of incorporation, must be approved by resolution at a shareholders’ meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p>	<p>The matters listed below shall be raised for discussion at a board meeting of the Company:</p> <p>I. (slightly)</p> <p>II.(slightly)</p> <p>III.(slightly)</p> <p>IV.(slightly)</p> <p>V.(slightly)</p> <p><u>VI.</u>The Chairman of elected or <u>Dismissal.</u></p> <p><u>VII.</u>The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>VIII.</u>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>IX.</u>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or the articles of incorporation, must be approved by resolution at a shareholders’ meeting or board meeting, or any material matter as</p>

Article	Before Amendment	After Amendment
	<p>The term “related party” in subparagraph <u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>

Proposals

Motion I.

(Proposed by the Board of Directors)

Cause: The Company's 2022 financial statements and business report are proposed for acceptance.

Explanation: I. CPA Chang, Chun-I and CPA Kuan, Chun-Hsiu of KPMG CPA firm was retained to audit the company's financial statements and has issued an audit report. Additionally, the board of directors has approved the Company's 2022 Business Report.

II. For the preceding business reports, independent auditors' reports and financial statements, please refer to page 4-5 and page 17-34 of this meeting handbook.

III. Please accept the statements and report.

Resolution:

Motion II.

(Proposed by the Board of Directors)

Cause: The Company's 2022 earnings allocation is proposed for acceptance.

Explanation: I. The Company prepared the 2022 earnings distribution table in accordance with Article 20 of the Articles of Incorporation. Please refer to the appendix table.

II. The Cash dividends are proposed to be distributed at \$0.5 per share (rounded to the nearest dollar). The fractional balance of all dividends less than NT\$1 will be summed up and recognized as other revenue of the Company. The board of directors is authorized to set the record date and the payment date after the approval at this regular shareholders' meeting.

III. IV. Please accept the earnings allocation.

Resolution:

APCB INC.
Earnings Allocation Table
2022

Unit: NT\$

Items	Amount
Beginning balance	772,532,822
Add: re-measurements of the net defined benefit plan	5,043,130
Add: net income after tax of the period	34,873,513
Less: legal reserve appropriation (10%)	(3,991,664)
Add: special reserve appropriation	171,755,988
Retained earnings available for distribution	980,213,789
Appropriation:	
Less: cash dividends to shareholders (\$0.5 per share)	(79,949,656)
Undistributed earnings at the end of the period	900,264,133

Note: The capital stock for the calculation of shareholders' cash dividends is the paid-in capital of \$1,598,993,110 in March 2023.

Chairman:
Tsao, Yueh-Hsia

Manager:
Lai, Chin-Tsai

Accounting Supervisor:
Tsai, Cheng-Hung

Election Matters

Motion I.

(Proposed by the Board of Directors)

Cause: Increase election and Replenish election of directors (including independent directors).

Explanation: I. The current independent director Sun, Yuan-Jun resigned. The Company reported to this year's shareholders' meeting for replenish election in accordance with the laws and regulations. To enhance corporate governance, the Company plans to hold a Increase election for 1 new director. After the election, there will be 8 directors (including 4 independent directors) in the Board of Directors of the Company.

II. This shareholders' meeting elected 1 director and 1 independent director. The new director and independent director will inaugurate on the date of being elected until the original service term on June 22, 2025.

III. In accordance with the Company's Articles of Incorporation, the election of directors (including independent directors) shall be conducted by a candidate nomination system. Therefore, in accordance with Article 192-1 of the Company Act, the shareholders submitted written nominations of directors and independent directors candidates during the nomination period. As approved by the board of directors of the Company on May 4, 2023, the list of director and independent director candidates and the related qualifications are as attached.

IV. The election of directors is conducted in accordance with the "Procedures for Election of Directors" of the Company. For the provisions of these procedures, please refer to page 46-49 of this meeting handbook.

V. Please elect the directors.

Election results:

In accordance with Article 192-1 of the Company Act, the list of candidates for director and independent director are as follows:

Title	Name	Shares	educational	Principal work experience	Current positions	Representatives	Independent directors for statement of reasons for serving three terms
Director	LIN,JYUN-HAO	488,926	Chung Shan Medical University	Dazan Hospital/Dean	Hospital/Doctor	NO	N/A
Independent Directors	LIN,BAO-JHU	0	National Taiwan University	KPMG CPA/Accountant	CHIA HSIN CEMENT CORPORATION/Independent Directors	NO	N/A

Discussion

Motion I

(Proposed by the Board of Directors)

Cause: The motion to remove the prohibition of competition for newly elected directors (including independent directors) and their representatives is proposed for resolution.

- Explanation: I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall secure approval from the shareholders' meeting.
- II. For the purpose of operational strategy, on the condition of not affecting regular business of the Company, the prohibition of competition for the directors (including independent directors) and their representatives newly elected at this regular shareholders' meeting is proposed to be removed.
- III. Details of the newly elected directors (including independent directors) and their representatives in respect of the prohibition of competition for outside employment are set forth below.
- IV. Please resolve the proposal.

Resolution:

Title	Name	Current positions
Director	LIN,JYUN-HAO	Hospital/Doctor
Independent Directors	LIN,BAO-JHU	CHIA HSIN CEMENT CORPORATION/ Independent Directors

Extraordinary Motions

Adjournment

Appendix I

Independent Auditor's Report

To APCB INC.

Audit opinions

We have audited the accompanying consolidated financial statements of APCB INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of from January 1 to December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies as of from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned consolidated financial statements fairly present in all material respects of the financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its cash flows for each of the years started January 1 and ended December 31, 2022 and 2021 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 Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics and perform other obligations of such Code. 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 consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's unconsolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Recognition of revenue

Please refer to Note 4 (13) in the consolidated financial statements for the

accounting policy of the recognition of revenue; please refer to Note 6 (20) in the consolidated financial statements for the disclosure of revenue items.

Description of key audit matters:

Sales revenue is one of the key indicators for the investors and the management to assess the financial or business performance of the Group. In addition, the Group is a TWSE listed company, which receives high attention of the investors. Moreover, the recognition of revenue, the judgement on time the control of the product being transferred, and some of the sales transactions providing discounts, refunds, or rewards to customer as agreed in the contract are critical for the fair presentation of the financial statements. Therefore, we regard the correctness of recognition of revenue as one of the most significant audit matter in this year's audit.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- Conduct tests on the effectiveness of the design and implementation of internal control related to the recognition of revenues, including randomly selecting samples to verify the basic information, transaction terms, and payment receipts of customers.
- Conduct trend analysis on the top 10 customers in terms of sales, including comparing the customer list and the amount of sales revenue in the current period, last period, and the same period in the previous year, to analyze whether or not there is any significant abnormality. In case of any significant changes, we will verify them and analyze the causes.
- Randomly inspect the annual sales transactions to assess the truthfulness of sales transactions, the correctness of recognition amount of the sales revenue, and the reasonableness of the time being recognized.
- The reasonableness of the estimates of discounts, refunds, or rewards is verified based on the calculation document approved by the management and random inspection on the clauses in the sales contracts.
- Test the samples of sales transactions prior to and after the end of the fiscal year to assess whether or not the timing of recognizing the revenue is appropriate.

2. Impairment assessment on property, plant and equipment

Please refer to Note 4 (12) Impairment of non-financial asset in the consolidated financial reports for the accounting policy for the impairment of property, plant and equipment; please refer to Note 5 of the consolidated financial reports for the accounting estimates and assumption uncertainty of the impairment of property, plant and equipment; please refer to Note 6 (9) of the consolidated financial reports for the description on the assessment on the impairment of property, plant and equipment.

Description of key audit matters:

The Group's subsidiary in Thailand holds property and significant amount of manufacturing equipment. Where the profit is less than expected due to poor operating performance or other unexpected conditions, the book value of the assets might be overestimated. As such, the assets may be in significant impairment risk. During the assessment on the impairment of assets, it involved the subjective judgment of the management to determine the estimate of the recoverable amount is based on the assumption. Any change in the economics or the change in the estimate of the Company's strategy may cause significant impairment loss from significant impairments or reversals. Therefore, we regard the assessment on the impairment of property, plant and equipment as one of the most significant audit matter in this year's audit.

Responding audit procedure:

We have executed the following responding audit procedure on the aforementioned key audit items:

- Obtained the description on the impairment on the sign of impairment based on the self-assessment by the management.
- Obtained the appraisal report from the external expert delegated by the management.
- Assessed the reasonableness of the methods and data adopted by the management when measuring the recoverable amount of assets and delegated the internal expert to assess the valuation method and significant assumption used in the appraisal report.
- Assessed the reasonableness of the recognition of impairment loss.

Other matters

APCB INC. has prepared the 2022 and 2021 parent company only financial reports, and we have presented unqualified audit report for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is also 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 supervisors and Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditing standards will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the

individual entities of the Group, and express an opinion on consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the consolidated financial statements.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Group's 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Chang, Chun-I

CPA:

Kuan, Chun-Hsiu

Securities Competent Authority Approval number : Jin-Guan-Cheng-Shen-Zi Letter No. 1050036075
(1999) Tai-Tsai-Cheng (6) No. 18311
March 24, 2023

APCB Inc.
Consolidated Balance Sheets
December 31 of 2022 and 2021

Unit: NTD thousand

	2022.12.31		2021.12.31		2022.12.31		2021.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
Asset								
Current asset								
11xx Cash and cash equivalents (Note 6 (1))	3,698,350	42	2,292,791	25	3,389,027	39	3,475,306	37
1110 Financial assets at fair value through profit or loss (FVTPL) - Current (Note 6 (2))	59,320	1	130,923	1	149,894	2	99,972	1
1150 Net notes receivable (Note 6 (5) and (20))	2,662	-	6,714	-	-	-	3,988	-
1170 Net accounts receivable (Note 6 (5), (12) and 8)	1,799,966	21	2,810,516	30	89,813	1	176,440	2
1200 Other receivables (Note 6 (6))	64,560	1	70,064	1	554,549	7	739,362	8
1220 Current tax assets	26,997	-	102,252	1	431,396	5	570,639	6
130x Inventories (Note 6 (7))	699,589	8	1,264,401	14	39,100	-	48,695	1
1479 Other current asset	36,704	-	42,967	-	27,869	-	19,441	-
Total current asset	6,388,148	73	6,720,618	72	14,163	-	13,855	-
Non-current assets:								
15xx Financial assets through other comprehensive income at FVTPL - Non-current (Note 6 (3))	24,795	-	24,795	-	16,837	-	4,415	-
1536 Financial assets measured at amortized cost - Non-current (Note 6 (4), (12) and 8)	3,052	-	30,212	-	38,555	-	50,888	1
1600 Property, Plant and Equipment (Note 6 (9), (12), (14), 7, 8, and 9)	2,157,224	25	2,318,289	26	55,639	1	146,809	2
1755 Right-of-use asset (Note 6 (10), (12), (15), 7, and 8)	99,515	1	113,567	1	4,806,842	55	5,349,810	58
1780 Intangible asset (Note 6 (11))	10,001	-	10,197	-	99,463	1	116,923	1
1840 Deferred tax assets (Note 6 (17))	50,926	1	84,893	1	62,964	1	147,995	2
1990 Other non-current assets (Note 6 (9))	24,118	-	24,085	-	74,754	1	88,355	1
Total non-current asset	2,369,631	27	2,606,038	28	6,252	-	6,816	-
Total assets	\$ 8,757,779	100	\$ 9,326,656	100	\$ 8,757,779	100	\$ 9,326,656	100
Liabilities and Equity								
Current liabilities:								
21xx Short-term borrowings (Note 6 (4), (5), (9), (10), (12), 7, 8, and 9)								
2100 Short-term notes payable (Note 6 (13))								
2120 Financial liabilities at FVTPL - Current (Note 6 (2))								
2150 Notes payable								
2170 Accounts payable								
2209 Other payables (Note 6 (21))								
2213 Equipment payable								
2230 Current tax liabilities								
2280 Lease liabilities - Non-current (Note 6 (15) and 7)								
2322 Long-term borrowings mature within a year (Note 6 (9), (14), 8, and 9)								
2365 Refund liabilities - Current								
2399 Other current liabilities (Note 6 (20))								
Total current liabilities								
Non-current liabilities:								
25xx Long-term borrowings (Note 6 (9), (14), 8, and 9)								
2540 Deferred tax liabilities (Note 6 (17))								
2570 Lease liabilities - Non-current (Note 6 (15) and 7)								
2580 Long-term deferred income (Note 6 (9))								
2630 Net defined benefit liabilities - Non-current (Note 6 (16))								
2645 Guarantee deposit								
Total non-current liabilities								
Total Liabilities								
Equity attributable to owners of the parent company (Note 6 (8), (16), (17) and (18)):								
31xx Common share capital								
3110 Capital surplus								
3200 Retained earnings:								
33xx Legal reserve								
3310 Special reserve								
3320 Unappropriated retained earnings								
3350 Subtotal of retained earnings								
34xx Other equities:								
3410 Exchange Differences on Translation of Foreign Financial Statements								
3420 Unrealized profit or loss of financial assets through other comprehensive income at FVTPL								
Total other equities:								
Total equity								
Total liabilities and equities								
\$ 8,757,779	100	\$ 9,326,656	100	\$ 8,757,779	100	\$ 9,326,656	100	

Chairperson: Tsao, Yueh-Hsia

(Please refer to the notes of the consolidated financial reports for details)
Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

APCB Inc.
Statements of Consolidated Comprehensive Income
From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Note 6 (20)):				
4111 Sales revenue	\$ 7,147,734	103	9,321,393	102
4170 Less: Sales return	131,579	2	126,793	1
4190 Sales discount	61,212	1	90,568	1
4100 Net operating revenue	<u>6,954,943</u>	<u>100</u>	<u>9,104,032</u>	<u>100</u>
5111 Operating costs (Note 6 (7), (9), (10), (11), (15), (16), and 12)	<u>6,444,508</u>	<u>93</u>	<u>7,839,298</u>	<u>86</u>
5950 Gross profit	<u>510,435</u>	<u>7</u>	<u>1,264,734</u>	<u>14</u>
6000 Operating expenses (Note 6 (5), (9), (10), (11), (15), (16), (21), 7 and 12):				
6100 Selling expenses	217,663	3	244,733	3
6200 Administrative expenses	438,547	6	534,765	6
6450 Losses on Expected Credit Impairment (gains from reversal)	(3,073)	-	8,865	-
Total operating expenses	<u>653,137</u>	<u>9</u>	<u>788,363</u>	<u>9</u>
6900 Net operating profit (loss)	<u>(142,702)</u>	<u>(2)</u>	<u>476,371</u>	<u>5</u>
7000 Non-operating income and expense (Note 6 (2), (3), (8), (9), (10) (15), (22), 7):				
7100 Interest income	22,159	-	5,290	-
7010 Other income	54,949	1	42,639	1
7020 Other gains or losses	178,828	3	(143,776)	(1)
7050 Financial costs	(79,454)	(1)	(57,530)	(1)
Total non-operating incomes and expenses	<u>176,482</u>	<u>3</u>	<u>(153,377)</u>	<u>(1)</u>
7900 Net income before tax	<u>33,780</u>	<u>1</u>	<u>322,994</u>	<u>4</u>
7950 Less: Tax expenses (gains) (Note 6 (17))	<u>(1,094)</u>	<u>-</u>	<u>82,579</u>	<u>1</u>
8200 Current period net profit	<u>34,874</u>	<u>1</u>	<u>240,415</u>	<u>3</u>
8300 Other comprehensive income (Note 6 (8), (16), (17), and (18)):				
8310 Items not reclassified subsequently to profit or loss				
8311 Remeasurement of defined benefit programs	6,303	-	1,703	-
8349 Less: Income taxes related to the items not re-classified	1,261	-	340	-
Total amount of items not reclassified subsequently to profit or loss	<u>5,042</u>	<u>-</u>	<u>1,363</u>	<u>-</u>
8360 Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:				
8361 Exchange Differences on Translation of Foreign Financial Statements	214,694	4	(58,594)	(1)
8399 Less: Income taxes related to the items that may be reclassified	42,939	1	(11,719)	-
Total Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss	<u>171,755</u>	<u>3</u>	<u>(46,875)</u>	<u>(1)</u>
8300 Comprehensive income in the current period	<u>176,797</u>	<u>3</u>	<u>(45,512)</u>	<u>(1)</u>
8500 Total comprehensive income in the current period	<u>\$ 211,671</u>	<u>4</u>	<u>194,903</u>	<u>2</u>
Earnings per share (Unit: NTD) (Note 6 (19))				
9750 Basic earnings per share	<u>\$ 0.22</u>		<u>1.50</u>	
9850 Diluted earnings per share	<u>\$ 0.22</u>		<u>1.49</u>	

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia Managerial Officer: Lai, Chin-Tsai Accounting Officer: Tsai, Cheng-Hung

APCB Inc.

Statements of Changes in Consolidated Equity
From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	Equity attributed to the owner of the parent company					Other equities components			Total equity
	Common share capital	Capital surplus	Legal reserve	Special reserve	Retain earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total	
Balance as January 1, 2021	\$ 1,598,993	418,929	590,470	200,397	817,966	1,608,833	7,444	(168,847)	3,457,908
Earnings appropriation and distribution:	-	-	-	(31,550)	31,550	-	-	-	-
Reversal of special reserve	-	-	-	-	(79,950)	(79,950)	-	-	(79,950)
Cash dividends of common shares	-	-	-	-	240,415	240,415	-	-	240,415
Current period net profit	-	-	-	-	-	-	-	-	-
Comprehensive income in the current period	-	-	-	-	1,363	1,363	-	(46,875)	(45,512)
Total comprehensive income in the current period	-	-	-	-	241,778	241,778	-	(46,875)	194,903
Balance as of December 31, 2021	1,598,993	418,929	590,470	168,847	1,011,344	1,770,661	7,444	(215,722)	3,572,861
Earnings appropriation and distribution:	-	-	24,041	-	(24,041)	-	-	-	-
Set aside legal reserve	-	-	-	46,875	(46,875)	-	-	-	-
Set aside special reserve	-	-	-	-	(167,894)	(167,894)	-	-	(167,894)
Cash dividends of common shares	-	-	-	-	34,874	34,874	-	-	34,874
Current period net profit	-	-	-	-	-	-	-	-	-
Comprehensive income in the current period	-	-	-	-	5,042	5,042	-	171,755	176,797
Total comprehensive income in the current period	-	-	-	-	39,916	39,916	-	171,755	211,671
Balance as of December 31, 2022	\$ 1,598,993	418,929	614,511	215,722	812,450	1,642,683	7,444	(43,967)	3,616,638

Balance as January 1, 2021

Earnings appropriation and distribution:

Reversal of special reserve

Cash dividends of common shares

Current period net profit

Comprehensive income in the current period

Total comprehensive income in the current period

Balance as of December 31, 2021

Earnings appropriation and distribution:

Set aside legal reserve

Set aside special reserve

Cash dividends of common shares

Current period net profit

Comprehensive income in the current period

Total comprehensive income in the current period

Balance as of December 31, 2022

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

APCB Inc.
Statements of Consolidated Cash Flows
From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Current net profit before income tax	\$ 33,780	322,994
Adjustment item:		
Income/expenses items		
Depreciation expense	392,053	429,536
Amortization expenses	2,643	3,106
Losses on Expected Credit Impairment (gains from reversal)	(3,073)	8,865
Gain or loss on financial assets and liabilities at FVTPL	(49,562)	(31,642)
Interest expenses	79,454	57,530
Interest income	(22,159)	(5,290)
Dividend income	(14,203)	(5,617)
Loss on disposal and scraps of property, plant and equipment	13,432	3,454
Loss on disposal of investments	42,436	-
Gains from modification of lease	(2)	(53)
Total income/expenses items	<u>441,019</u>	<u>459,889</u>
Asset/liability variation related to operating activities		
Net asset variation related to operating activities		
Financial assets designated as at FVTPL	149,972	(85,234)
Notes receivable	4,052	13,585
Accounts receivable	1,013,623	(117,123)
Other receivables	6,247	(5,567)
Inventories	564,812	(291,288)
Other current asset	6,263	45,783
Total net asset variation related to operating activities	<u>1,744,969</u>	<u>(439,844)</u>
Net liabilities variation related to operating activities		
Financial liabilities at FVTPL	(32,795)	(5,932)
Notes payable	(86,627)	(21,646)
Accounts payable	(184,813)	(119,942)
Other payables	(141,005)	(46,353)
Refunds liabilities	(12,333)	6,758
Other current liabilities	(24,249)	63,471
Net defined benefit liability	(3,269)	(4,229)
Total net liabilities variation related to operating activities	<u>(485,091)</u>	<u>(127,873)</u>
Total net assets and liabilities variation related to operating activities	<u>1,259,878</u>	<u>(567,717)</u>
Total adjustment item	<u>1,700,897</u>	<u>(107,828)</u>
Cash inflow provided by operating activities	1,734,677	215,166
Interest received	21,406	6,763
Interest paid	(77,692)	(63,439)
Tax paid	(10,829)	(84,094)
Net cash inflow from operating activities	<u>1,667,562</u>	<u>74,396</u>
Cash flows from investment activities:		
Financial assets measured at amortized cost	-	(30,212)
Disposal of financial assets measured at amortized cost	-	34,542
Acquisition of property, plant and equipment	(178,815)	(261,663)
Disposal of property, plant and equipment	6,777	3,691
Acquisition of Intangible Assets	(1,772)	(2,336)
Increase in other non-current assets	(33)	(580)
Dividends received	14,203	5,617
Net cash outflow from investment activities	<u>(159,640)</u>	<u>(250,941)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	15,593,503	12,899,354
Decrease in short-term borrowings	(15,679,782)	(13,065,165)
Increase in short-term notes payable	1,160,270	700,594
Decrease in short-term notes payable	(1,110,348)	(750,460)
Borrowed Long-term borrowings	118,862	-
Repayments of long-term borrowings	(123,900)	(134,414)
Increase in long-term deferred income	1,429	1,593
Decrease in guarantee deposit	(10,379)	-
Repaid principal of lease	(13,928)	(9,559)
Distribution of cash dividends	(167,894)	(79,950)
Net cash outflow from financing activities	<u>(232,167)</u>	<u>(438,007)</u>
Effect of changes in exchange rate on cash and cash equivalents	129,804	86,507
Increase (decrease) in current cash and equivalents	1,405,559	(528,045)
Cash and cash equivalents at the beginning of the year	<u>2,292,791</u>	<u>2,820,836</u>
Cash and cash equivalents at the end of the year	<u>\$ 3,698,350</u>	<u>2,292,791</u>

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

Independent Auditor's Report

To APCB INC.

Audit opinions

We have audited the accompanying parent company only financial statements of APCB INC. (the "Company"), which comprise the parent company only balance sheets as of from January 1 to December 31, 2022 and 2021, and the parent only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies as of from January 1 to December 31, 2022 and 2021.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of from January 1 to December 31, 2022 and 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Company in accordance with the Code of Ethics and perform other obligations of such Code. 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 unconsolidated financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's unconsolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Recognition of revenue

Please refer to Note 4 (13) in the parent company only financial statements for the

accounting policy of the recognition of revenue; please refer to Note 6 (19) in the parent company only financial statements for the disclosure of revenue items.

Description of key audit matters:

Sales revenue is one of the key indicators for the investors and the management to assess the financial or business performance of the Company. In addition, the Company is a TWSE listed company, which receives high attention of the investors. Moreover, the recognition of revenue, the judgement on time the control of the product being transferred, and some of the sales transactions providing discounts, refunds, or rewards to customer as agreed in the contract are critical for the fair presentation of the financial statements. Therefore, we regard the correctness of recognition of revenue as one of the most significant audit matter in this year's audit.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- Conduct tests on the effectiveness of the design and implementation of internal control related to the recognition of revenues, including randomly selecting samples to verify the basic information, transaction terms, and payment receipts of customers.
- Conduct trend analysis on the top 10 customers in terms of sales, including comparing the customer list and the amount of sales revenue in the current period, last period, and the same period in the previous year, to analyze whether or not there is any significant abnormality. In case of any significant changes, we will verify them and analyze the causes.
- Randomly inspect the annual sales transactions to assess the truthfulness of sales transactions, the correctness of recognition amount of the sales revenue, and the reasonableness of the time being recognized.
- The reasonableness of the estimates of discounts, refunds, or rewards is verified based on the calculation document approved by the management and random inspection on the clauses in the sales contracts.
- Test the samples of sales transactions prior to and after the end of the fiscal year to assess whether or not the timing of recognizing the revenue is appropriate.

2. Impairment assessment on investments accounted for using the equity method

Please refer to Note 4 (12) in the parent company only financial statements for the accounting policy of impairment of non-financial assets; please refer to Note 5 in the parent company only financial statement for the accounting estimates and uncertainty of assumption for the impairment assessment on investments accounted for using the equity method; please refer to Note 6 (7) investments accounted for using the equity method for the description on the impairment on the investments accounted for using the equity method.

Description of key audit matters:

APCB Electronics (Thailand) Co., Ltd., a subsidiary of APCB INC. has suffered long-term operating losses. We found the impairment of the investment exists. This investment accounted for using the equity method is a significant investment of the Company and the carrying amount is high. Therefore, we regard the impairment assessment on investments accounted for using the equity method as one of the most significant audit matter in this year's audit.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- We communicated with the audit personnel of the Company, including providing audit instruction mail and obtaining the audited Group reporting information.
- We discussed with the audit personnel regarding the audit plan and the audit procedure and matters that require special attention in the middle and the end of the period via emails and virtual meetings.
- Reviewed the audit procedure of asset impairment assessment conducted by the audit personnel of the Company on APCB Electronics (Thailand) Co., Ltd., including obtaining the description on the sign of impairment based on the self-assessment by the management, obtaining the appraisal report from the external expert delegated by the management, assessing the objectivity and professionalism of the external expert, assessing the reasonableness of the methods and data adopted by the management when measuring the recoverable amount of assets, delegating the internal expert to assess the valuation method and significant assumption used in the appraisal report, and assessing the reasonableness of the recognition of impairment loss.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

In preparing the unconsolidated financial statements, management is also 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 supervisors and Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 auditing standards will always detect a material misstatement when it exists in the unconsolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the unconsolidated financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause APCB INC. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including relevant notes, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entity of the Company, and express an opinion on unconsolidated financial statements.

We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the parent company only financial statements.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2022 unconsolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Chang, Chun-I

CPA:

Kuan, Chun-Hsiu

Securities Competent Authority Approval number : Jin-Guan-Cheng-Shen-Zi Letter No. 1050036075 (1999) Tai-Tsai-Cheng (6) No. 18311
March 24, 2023

APCB INC.
Balance Sheet

December 31 of 2022 and 2021

Unit: NTD thousand

	2022.12.31		2021.12.31	
	Amount	%	Amount	%
Asset				
Current asset				
1100 Cash and cash equivalents (Note 6 (1))	1,939,404	30	949,720	15
1110 Financial assets at fair value through profit or loss (FVTPL) - Current (Note 6 (2))	43,892	1	110,108	2
1150 Net notes receivable (Note 6 (4) and (19))	2,662	-	4,171	-
1170 Net accounts receivable (Note 6 (4), (11), (19) and 8)	408,365	6	926,210	15
1180 Net accounts receivable - Related party (Note 6 (4), (19), and 7)	12,836	-	4,933	-
1200 Other receivables (Note 6 (5))	37,147	1	25,076	-
1212 Other receivables - Related party (Note 6 (5) and 7)	107,110	2	116,370	2
1220 Current tax assets	8,914	-	85,143	1
130x Inventories (Note 6 (6))	124,409	2	328,253	5
1479 Other current asset	8,931	-	9,359	-
Total current asset	<u>2,693,670</u>	<u>42</u>	<u>2,559,343</u>	<u>40</u>
Non-current assets:				
1520 Financial assets through other comprehensive income at FVTPL - Non-current (Note 6 (3))	24,795	-	24,795	-
1550 Investment accounted for using the equity method (Note 6 (7))	3,148,273	50	3,367,656	53
1600 Property, Plant and Equipment (Note 6 (8), (11), (13), 7, 8, and 9)	322,210	5	350,695	5
1755 Right-of-use asset (Note 6 (9), (11), (14), 7, and 8)	79,717	2	87,705	1
1780 Intangible asset (Note 6 (10))	343	-	1,436	-
1840 Deferred tax assets (Note 6 (16))	44,792	1	72,983	1
1990 Other non-current assets (Note 6 (8))	2,237	-	1,562	-
Total non-current asset	<u>3,622,367</u>	<u>58</u>	<u>3,906,832</u>	<u>60</u>
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (Note 6 (4), (8), (9), (11), 7, 8, and 9)	2,025,000	32	1,868,000	29
2110 Short-term notes payable (Note 6 (12))	149,894	2	99,972	2
2120 Financial liabilities at FVTPL - Current (Note 6 (2))	-	-	3,988	-
2150 Notes payable	87,277	2	176,064	3
2170 Accounts payable	20,689	-	42,058	1
2180 Accounts payable - Related party (Note 7)	119,076	2	136,804	2
2200 Other payables (Note 6 (20))	84,334	2	139,081	2
2230 Current tax liabilities	27,869	-	19,441	-
2280 Lease liabilities - Current (Note 4 (14) and 7)	7,591	-	7,564	-
2322 Long-term borrowings mature within a year (Note 6 (8), (13), 7, 8, and 9)	4,415	-	4,415	-
2365 Refund liabilities - Current	15,487	-	23,247	-
2399 Other current liabilities	33,444	1	38,569	1
Total current liabilities	<u>2,575,076</u>	<u>41</u>	<u>2,559,203</u>	<u>40</u>
Non-current liabilities:				
2540 Long-term borrowings (Note 6 (8), (13), 7, 8, and 9)	12,508	-	116,923	2
2570 Deferred tax liabilities (Note 6 (16))	23,068	-	108,693	2
2580 Lease liabilities - Non-current (Note 6 (14) and 7)	74,380	2	81,971	1
2640 Net defined benefit liabilities - Non-current (Note 6 (15))	14,367	-	26,524	-
Total non-current liabilities	<u>124,323</u>	<u>2</u>	<u>334,111</u>	<u>5</u>
Total Liabilities	<u>2,699,399</u>	<u>43</u>	<u>2,893,314</u>	<u>45</u>
Equity (Note 6 (15), (16), and (17)):				
3100 Share capital	1,598,993	25	1,598,993	25
3100 Capital surplus	418,929	7	418,929	6
33xx Retained earnings:				
3310 Legal reserve	614,511	10	590,470	9
3320 Special reserve	215,722	3	168,847	3
3350 Unappropriated retained earnings	812,450	13	1,011,344	15
34xx Other equities:				
3410 Exchange Differences on Translation of Foreign Financial Statements	(51,411)	(1)	(223,166)	(3)
3420 Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	7,444	-	7,444	-
Total other equities:	<u>(43,967)</u>	<u>(1)</u>	<u>(215,722)</u>	<u>(3)</u>
Total equity	<u>3,616,638</u>	<u>57</u>	<u>3,572,861</u>	<u>55</u>
Total liabilities and equities	<u>\$ 6,316,037</u>	<u>100</u>	<u>\$ 6,466,175</u>	<u>100</u>

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Chairperson: Tsao, Yueh-Hsia

(Please refer to the notes of the parent company only financial reports for details)

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

APCB INC.
Statements of Comprehensive Income
From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Note 6 (19) 7):				
4111 Sales revenue	\$ 1,470,424	102	2,432,456	102
4170 Less: Sales return	5,293	-	2,154	-
4190 Sales discount	30,222	2	58,233	2
4100 Net operating revenue	1,434,909	100	2,372,069	100
5000 Operating costs (Note 6 (6), (8), (9), (10), (14), (15), 7 and 12)	1,542,737	108	2,124,337	90
5950 Gross profit (loss)	(107,828)	(8)	247,732	10
6000 Operating expenses (Note 6 (4), (8), (9), (10), (14), (15), (20), 7 and 12):				
6100 Selling expenses	23,424	2	37,289	2
6200 Administrative expenses	82,954	6	127,101	5
6450 Losses on Expected Credit Impairment (gains from reversal)	(3,560)	-	2,376	-
Total operating expenses	102,818	8	166,766	7
6900 Net operating profit (loss)	(210,646)	(16)	80,966	3
7000 Non-operating income and expense (Note 6 (2), (3), (8), (14), (21), 7):				
7100 Interest income	7,705	1	510	-
7010 Other income	100,059	7	77,418	3
7020 Other gains or losses	208,063	15	(35,915)	(2)
7050 Financial costs	(31,169)	(2)	(24,132)	(1)
7370 Share of other profits/losses of subsidiaries, associated companies, and joint venture accounted for using equity method	(29,584)	(2)	202,013	9
Total non-operating incomes and expenses	255,074	19	219,894	9
7900 Net income before tax	44,428	3	300,860	12
7950 Less: Tax expenses (Note 6 (16))	9,554	1	60,445	3
8200 Current period net profit	34,874	2	240,415	9
8300 Other comprehensive income (Note 6 (15), (16), and (17)):				
8310 Items not reclassified subsequently to profit or loss				
8311 Remeasurement of defined benefit programs	6,095	-	3,339	-
8331 Remeasurement of defined benefit programs subsidiaries, associates, and joint venture	208	-	(1,636)	-
8349 Less: Income taxes related to the items not re-classified	1,261	-	340	-
Total amount of items not reclassified subsequently to profit or loss	5,042	-	1,363	-
8360 Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:				
8361 Exchange Differences on Translation of Foreign Financial Statements	185,635	13	(50,922)	(2)
8380 Share of other comprehensive income of subsidiaries, associated companies, and joint venture accounted for using equity method	23,247	2	(6,137)	-
8399 Less: Income taxes related to the items that may be reclassified	37,127	3	(10,184)	-
Total Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss	171,755	12	(46,875)	(2)
8300 Comprehensive income in the current period	176,797	12	(45,512)	(2)
8500 Total comprehensive income in the current period	\$ 211,671	14	194,903	7
Earnings per share of the Company (Unit: NTD) (Note 6 (18))				
9750 Basic earnings per share	\$ 0.22		1.50	
9850 Diluted earnings per share	\$ 0.22		1.49	

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

APCB INC.

Statements of Changes in Equity

From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	Retain earnings				Other equities components:				Total	Total equity
	Common share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total		
Balance as January 1, 2021	\$ 1,598,993	418,929	590,470	200,397	817,966	1,608,833	(176,291)	7,444	(168,847)	3,457,908
Earnings appropriation and distribution:	-	-	-	(31,550)	31,550	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(79,950)	(79,950)	-	-	-	(79,950)
Cash dividends of common shares	-	-	-	-	240,415	240,415	-	-	-	240,415
Current period net profit	-	-	-	-	-	-	-	-	-	-
Comprehensive income in the current period	-	-	-	-	1,363	1,363	(46,875)	-	(46,875)	(45,512)
Total comprehensive income in the current period	-	-	-	-	241,778	241,778	(46,875)	-	(46,875)	194,903
Balance as of December 31, 2021	1,598,993	418,929	590,470	168,847	1,011,344	1,770,661	(223,166)	7,444	(215,722)	3,572,861
Earnings appropriation and distribution:	-	-	24,041	-	(24,041)	-	-	-	-	-
Set aside legal reserve	-	-	-	46,875	(46,875)	-	-	-	-	-
Set aside special reserve	-	-	-	-	(167,894)	(167,894)	-	-	-	(167,894)
Cash dividends of common shares	-	-	-	-	34,874	34,874	-	-	-	34,874
Current period net profit	-	-	-	-	5,042	5,042	171,755	-	171,755	176,797
Comprehensive income in the current period	-	-	-	-	39,916	39,916	171,755	-	171,755	211,671
Total comprehensive income in the current period	-	-	-	-	812,450	1,642,683	(51,411)	7,444	(43,967)	3,616,638
Balance as of December 31, 2022	\$ 1,598,993	418,929	614,511	215,722	812,450	1,642,683	(51,411)	7,444	(43,967)	3,616,638

Balance as January 1, 2021

Earnings appropriation and distribution:

Reversal of special reserve

Cash dividends of common shares

Current period net profit

Comprehensive income in the current period

Total comprehensive income in the current period

Balance as of December 31, 2021

Earnings appropriation and distribution:

Set aside legal reserve

Set aside special reserve

Cash dividends of common shares

Current period net profit

Comprehensive income in the current period

Total comprehensive income in the current period

Balance as of December 31, 2022

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

APCB INC.
Statements of Cash Flows
From January 1 to December 31 of 2022 and 2021

Unit: NTD thousand

	2022	2021
Cash flows from operating activities:		
Current net profit before income tax	\$ 44,428	300,860
Adjustment item:		
Income/expenses items		
Depreciation expense	58,515	55,516
Amortization expenses	1,093	1,279
Losses on Expected Credit Impairment (gains from reversal)	(3,560)	2,376
Gain or loss on financial assets and liabilities at FVTPL	(47,044)	(22,986)
Interest expenses	31,169	24,132
Interest income	(7,705)	(510)
Dividend income	(14,203)	(5,617)
Share of other profits/losses of subsidiaries, associated companies, and joint venture accounted for using equity method	29,584	(202,013)
Gains on disposal of property, plant and equipment	(467)	(679)
Total income/expenses items	47,382	(148,502)
Asset/liability variation related to operating activities		
Net asset variation related to operating activities		
Financial assets designated as at FVTPL	142,066	(77,443)
Notes receivable	1,509	(1,766)
Accounts receivable	521,405	(37,511)
Accounts receivable - Related party	(7,903)	(4,049)
Other receivables	(12,004)	1,715
Other receivables - Related party	9,260	(62,652)
Inventories	203,844	(43,638)
Other current asset	428	7,045
Total net asset variation related to operating activities	858,605	(218,299)
Net liabilities variation related to operating activities		
Financial liabilities at FVTPL	(32,794)	(5,932)
Notes payable	(88,787)	(17,364)
Accounts payable	(21,369)	(25,097)
Accounts payable - Related party	(17,728)	(54,480)
Other payables	(44,202)	(5,738)
Refunds liabilities	(7,760)	5,575
Other current liabilities	(5,125)	12,164
Net defined benefit liability	(6,062)	(2,973)
Total net liabilities variation related to operating activities	(223,827)	(93,845)
Total net assets and liabilities variation related to operating activities	634,778	(312,144)
Total adjustment item	682,160	(460,646)
Cash inflow (outflow) provided by operating activities	726,588	(159,786)
Interest received	7,638	585
Interest paid	(30,305)	(24,365)
Tax paid	(20,719)	(71,256)
Net cash inflow (outflow) provided by operating activities	683,202	(254,822)
Cash flows from investment activities:		
Acquisition of property, plant and equipment	(33,534)	(85,102)
Disposal of property, plant and equipment	467	679
Acquisition of Intangible Assets	-	(1,240)
Decrease (increase) of other non-current assets	(675)	838
Dividends received	413,092	372,032
Net cash inflow from investment activities:	379,350	287,207
Cash flows from financing activities:		
Increase in short-term borrowings	10,863,101	8,997,930
Decrease in short-term borrowings	(10,706,101)	(9,209,930)
Increase in short-term notes payable	1,160,270	700,594
Decrease in short-term notes payable	(1,110,348)	(750,460)
Repayments of long-term borrowings	(104,415)	(134,414)
Repaid principal of lease	(7,481)	(7,264)
Distribution of cash dividends	(167,894)	(79,950)
Net cash outflow from financing activities	(72,868)	(483,494)
Increase (decrease) in current cash and equivalents	989,684	(451,109)
Cash and cash equivalents at the beginning of the year	949,720	1,400,829
Cash and cash equivalents at the end of the year	\$ 1,939,404	949,720

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia

Managerial Officer: Lai, Chin-Tsai

Accounting Officer: Tsai, Cheng-Hung

Appendix II

APCB INC.

Rules of Procedure for Shareholders' Meetings

- Article I. The shareholders' meeting of the Company shall proceed in accordance with these Rules. Matters not specified in these Rules shall be undertaken in accordance with applicable laws and the Company's articles of incorporation.
- Article II. Attending shareholders (or proxies) shall bring their attendance cards and hand in a sign-in card in lieu of signing in.
The number of shares present is calculated based on the number of shares reported on the attendance card and the virtual meeting platform, plus the number of shares exercising the voting rights by correspondence or electronic means
In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.
- Article III. The presence of shareholders in a shareholders' meeting and their voting thereof shall be calculated in accordance with the number of shares.
- Article IV. The place where the shareholders' meeting is held shall be in the county or city where the Company is located. The time for commencing the said meeting shall not be earlier than 9 o'clock in the morning or later than 3 o'clock in the afternoon.
When the Company holds a virtual shareholders' meeting, the venue of the meeting shall not be restricted as described in the proceeding paragraph.
The time for accepting shareholders' registration shall be 30 minutes prior to the commencement of the meeting.
In the event of a virtual shareholders' meeting, registration shall be accepted at the virtual meeting platform at least 30 minutes prior to the commencement of the meeting. Shareholders who have completed the registration shall be deemed to be present in person at the meeting.

Article V. The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders' meeting. Those handling the business of a shareholders' meeting shall wear an identification card or a badge.

Article VI. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. When the Company convene a virtual shareholders' meeting, the Company shall retain the relevant information of the shareholders and continuously record and videotape the entire virtual meeting without interruption from beginning to end. The information and audio and video recording under the preceding paragraph shall be properly kept by the company during the entirety of the Company's existence, and copies of the audio and video recording shall be provided to and kept by the entity engaged to handle video conferencing matters.

Article VII. When it is time to convene a shareholders' meeting, the chairperson shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairperson may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent one-third of the total amount of issued shares, a tentative resolution may be adopted in accordance with Article 175 of the Company Act. Before the close of the said meeting if the shareholders present represent a majority of the total amount of issued shares, the chairperson may present the tentative resolution so adopted to the meeting for resolution.

Article VIII. If a shareholders' meeting is called by the board of directors, the proceedings of the meeting shall be formulated by the board of directors, and the meeting shall proceed in accordance with the said proceedings. The proceedings shall not be changed without a resolution made by the shareholders' meeting.

If a shareholders' meeting shall be called by any other person than the board of directors, the preceding provisions shall apply mutatis mutandis to the said meeting.

The chairperson shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above two Paragraphs shall not have been resolved.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice.

After close of the said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place, and the resolutions made by them are ipso facto ineffective.

Article IX. A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying therein the major points of his speech, his/her serial number as a shareholder (or number of attendance) and his/her name, and the chairperson shall determine his/her order of giving a speech.

A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his/her speech shall be different from those specified on the slip, the contents of his/her speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairperson and the said shareholder, and the chairperson may prevent others from interrupting.

Article X. A shareholder shall not speak more than two times for one motion, unless he/she has obtained the prior consent from the chairperson, and each speech shall not exceed 5 minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairperson may prevent him from doing so.

- Article XI. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article XII. After a shareholder has given a speech, the chairperson may personally or designate relevant person to respond.
- Article XIII. When the chairperson considers that the discussion for a motion has reached the extent for making a resolution, he/she may announce discontinuance of the discussion and submit the motion for resolution.
- Article XIV. Voting rights may be exercised in writing or electronically at the shareholders' meeting of the Corporation. The method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
- A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the

Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179 of the Company Act.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article XV. When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article XVI. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.
Vote counting for proposals or elections shall be conducted in public at the place of the shareholders' meeting, and voting results, including the tally of weighted votes, shall be reported on-site immediately and recorded in writing upon completion of the vote counting.
In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

Article XVII. When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and

announce a time when, in view of the circumstances, the meeting will be resumed.

Article XVIII. The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor." When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article XIX. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

Article XX. The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

Article XXI. These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix III

APCB INC.

Articles of Incorporation

Chapter 1 General Provisions

- Article I. The Company shall be incorporated under the Company Act, and its name shall be APCB Inc.
- Article II. The scope of business of the Company shall be as follows:
- (I) CC01080 Electronics Components Manufacturing
 - (II) F119010 Wholesale of Electronic Materials
 - (III) F219010 Retail Sale of Electronic Materials
 - (IV) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article II-I. The Company may provide endorsement and guarantee and act as a guarantor for business purpose in accordance with the rules and regulations of securities competent authorities.
- Article II-II. The total amount of the Company's equity investment shall not be subject to the restriction of not more than forty percent of the Company's paid-in capital.
- Article III. The Company headquarters in New Taipei City. With the resolution made by the board of directors, the Company may establish branches within and without of the territory of the Republic of China.
- Article IV. (Deleted)

Chapter 2 Shares

- Article V. The total authorized capital of the Company is NT\$2.5 billion, divided into 250 million shares, with a par value at NT\$10 each. The board of directors is authorized to issue such shares in installments based on the business requirement.
- A total of NT\$100 million, representing 10 million shares, shall be reserved from the total capital stated in the preceding paragraph for the issuance of employee stock options, and the board of directors is authorized to issue the stock options in installments.
- Article VI. With an approval made by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares, the Company may issue employee stock options at a price lower than the closing price of the Company's shares on the date of

issuance or transfer them to employees at a price lower than the average price of the shares actually bought back.

Article VII. The share certificates of the Company shall be in registered form, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority upon issuance pursuant to laws. When issuing new shares, the Company may print a share certificate in respect of the full number of shares to be issued at that time, and shall arrange for the certificate to be kept or registered by a centralized securities custodian institution; the same applies to other marketable securities.

Article VIII. Registration for transfer of shares shall be suspended for 60 days before the day of a regular shareholders' meeting, for 30 days before the day of any special shareholders' meeting, and for 5 days before the day on which dividends or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders' Meeting

Article IX. Shareholders' meetings of the Company are of two kinds: regular shareholders' meetings and special shareholders' meetings. The regular shareholders' meeting is called once per year within 6 months of the end of each fiscal year. Special shareholders' meetings may be called in accordance with laws whenever necessary.

Article X. Where a shareholder is unable to attend a meeting, he/she may appoint a proxy to represent him/her and specify the scope authorization in the proxy form issued by the Company. The use of proxy forms shall be subject to the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies promulgated by securities competent authorities.

Article XI. Each shareholder of the Company shall receive one voting right for each share. However, restricted a director or a director who has a situation provided under Article 179 of the Company Act shall not have the voting right.

Article XII. Except as otherwise provided by the Company Act, a meeting shall only be held when shareholders representing a majority of the total number of issued shares have attended. A resolution shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting

Article XII-I. The Company's shareholders' meetings shall be conducted in accordance with the "Rules of Procedure for Shareholders' Meetings."

Article XII-II. The shareholders' meeting can be held in the form of virtual conference or other audiovisual means, as announced by the Ministry of Economic Affairs.

Chapter 4 Directors

Article XIII. The Company shall have seven to nine directors. The board of directors is authorized to determine the number of directors. The term of office of directors is 3 years, and the directors shall be elected from persons having legal capacity at a shareholders' meeting and shall be eligible for re-elections. The total number of shares of the Company's registered stock held by all directors of the Company shall be in compliance with the the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the competent securities authorities.

The Company shall adopt the candidate nomination system for its election of directors in accordance with Article 192-1 of the Company Act.

In accordance with the Securities and Exchange Act, the number of independent directors of the Company shall not be less than three and shall not be less than one-fifth of the number of directors. Independent directors are subject to regulations of the competent securities authorities.

Article XIII-I. In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee. The Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Act and other applicable regulations.

Article XIV. The board of directors shall consist of the directors of the Company; the chairperson of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairperson of the board of directors shall represent the Company in external matters.

A notice setting forth the purpose of the meeting shall be given to each director no later than 7 days prior to a board meeting. Nonetheless, a board meeting may be convened at any time in case of emergency. A meeting of the board of directors shall be called in writing, via e-mail or

facsimile.

Article XV. If chairperson of the board of directors is on leave of absence or is unable to exercise his/her duties for any reason, his/her proxy is subject to the provisions of Article 208 of the Company Act. If a director is on leave of absence or is unable to attend a board meeting for any reason, he/she may appoint another director as proxy to attend the meeting in accordance with Article 205 of the Company Act.

Article XVI. The remuneration to all directors shall be assessed by the remuneration committee, and the board of directors is authorized to decide the remuneration to all directors at a rate consistent with general practices in the industry.

Article XVI-I. The Company may take out liability insurance for the directors with respect to the liabilities that might arise from the performance of duties during their term of office.

Chapter 5 Manager

Article XVII. The Company may appoint one general manager and several deputy general managers whose commissioning, decommissioning and pay rate shall be as pursuant to Article 29 of the Company Act.

Chapter 6 Accounting

Article XVIII. After the close of each fiscal year, the following reports shall be prepared by the board of directors. The reports shall be submitted to the audit committee for review 30 days prior to the regular shareholders' meeting and thereafter submitted to the regular shareholders' meeting for recognition.

(I) Business Report.

(II) Financial Statements.

(III) Proposal Concerning the Distribution of Earnings or offset of Losses.

Article XIX. If the Company makes a profit in a year, it shall set aside not less than 5% for remuneration to employees and not more than 3% for remuneration to directors. However, if the Company has accumulated losses, the Company shall first reserve an amount to offset the losses.

Article XX. If there is profit in the Company's annual financial statements, the Company shall first pay taxes and offset accumulated losses, and then set aside 10% as legal reserve and set aside special reserve in accordance with the law. If there remains surplus, the board of directors shall, after adding the undistributed earnings from previous years, prepare a proposal

for distribution and submit it to the shareholders for resolution.

To meet the Company's future needs for equipment replacement and expansion, cash dividends shall be distributed at a rate of not less than 10% of the total dividends, and the rest shall be distributed in the form of stock dividends.

Chapter 7 Supplementary Provisions

Article XXI Any matters not sufficiently provided for in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article XXII These Articles of Incorporation were established on November 21, 1981.

The 1st amendment was made on February 27, 1983.

The 2nd amendment was made on September 15, 1985.

The 3rd amendment was made on August 10, 1988.

The 4th amendment was made on August 8, 1997.

The 5th amendment was made on December 12, 1998.

The 6th amendment was made on May 30, 1999.

The 7th amendment was made on June 18, 2000.

The 8th amendment was made on June 3, 2001.

The 9th amendment was made on June 27, 2002.

The 10th amendment was made on June 24, 2003.

The 11th amendment was made on June 24, 2004.

The 12th amendment was made on December 31, 2004.

The 13th amendment was made on June 14, 2005.

The 14th amendment was made on June 14, 2006.

The 15th amendment was made on June 13, 2007.

The 16th amendment was made on June 13, 2008.

The 17th amendment was made on June 15, 2010.

The 18th amendment was made on June 22, 2012.

The 19th amendment was made on June 21, 2016.

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

The 21st amendment was made on June 23, 2022.

Appendix IV

APCB INC.

Procedures for Election of Directors

Article I. To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article II. Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article III. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's 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: A professional background, professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- I. The ability to make judgments about operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of

kinship with any other director.

Article IV. (Deleted)

Article V. The qualifications and election of the independent directors of the Company shall comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

Article VI. Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.

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. 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 falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders’ meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders’ meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article VII. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article VIII. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The

number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

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

Article X. Before the election begins, the chairperson shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article XI. (Deleted)

Article XII. A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by a person with the right to convene.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot does not conform to the director candidate list.
- V. Other words or marks are entered in addition to the number of voting rights allotted.

Article XIII. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chairperson on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper

custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article XIV. The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article XV. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

Appendix V

APCB INC.

Rules of Procedure for Board of Directors Meetings (Pre-amended)

- Article I. To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article II. With respect to the board of directors meetings of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article III. The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.
- Article IV. The designated unit responsible for the board meetings of the Company shall be the finance department. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting. A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

- Article V. When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
- Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's articles of incorporation. Attendance by videoconference will be deemed attendance in person. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.
- The proxy referred to in paragraph 2 may be the appointed proxy of only one person.
- Article VI. A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.
- Article VII. Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.
- Where a meeting of the board of directors is called by a majority of directors on their own initiative, the directors shall choose one person by and from among themselves to chair the meeting.
- When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article VIII. When the Company's board meeting is held, the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference.

When the board meeting is held, the audit officer shall attend and report to the board of directors. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place. The chairperson shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chairperson may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article IX. Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article X. Agenda items for regular board meetings of the Company shall include at least the following:

I. Matters to be reported:

- (I) Minutes of the last meeting and action taken.
 - (II) Important financial and business matters.
 - (III) Internal audit activities.
 - (IV) Other important matters to be reported.
- II. Matters for discussion:
- (I) Items for continued discussion from the last meeting.
 - (II) Items for discussion at this meeting.
- III. Extraordinary motions.

Article XI. A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting. The chairperson may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chairperson shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply *mutatis mutandis*.

Article XII. The matters listed below shall be raised for discussion at a board meeting of the Company:

- I. The Company's business plan.
- II. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by certified public accountants.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of equity-type securities.

- VI. The appointment or discharge of a financial, accounting, or internal audit officer.
- VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- VIII. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or the articles of incorporation, must be approved by resolution at a shareholders' meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article XIII. When the chairperson at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chairperson, the proposal will be deemed approved. If there is an objection following an inquiry by the chairperson, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chairperson from among those below, provided that when an attending director has an objection, the chairperson shall seek the opinion of the majority to make a decision:

I. A show of hands.

II. A roll call vote.

III. A vote by ballot.

IV. A vote by a method selected at the Company's discretion.

"Attending directors" does not include directors that shall not exercise voting rights pursuant to Article 15, paragraph 1.

Article XIV. Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote.

If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article XV. If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that

agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Article 206, paragraph 4 of the Company Act applies to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article XVI. Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

- I. Session (or year), time, and place of meeting.
- II. Name of the meeting chairperson.
- III. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Matters reported on.
- VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
- VIII. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the

relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

IX. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, Executive Yuan, within 2 days from the date of the meeting:

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chairperson and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the company.

The meeting minutes of paragraph 1 may be prepared and distributed in electronic form.

Article XVII. With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or the Company's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific, and carried out in accordance with the Company's Regulations of Delegation for Duties

Article XVIII. These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders' meeting.

Appendix VI

APCB INC.

Shareholdings of All Directors

Title	Name	Shareholding Recorded in the Shareholder List as of the Book Closure Date	Shareholding Ratio
Chairman	Tsao, Yueh-Hsia	9,924,708	6.21%
Director	Lai, Chin-TSAI	10,299,803	6.44%
Director	Tai, Shui-Chuan	420,231	0.26%
Independent director	Tsai, Li-Yun	0	—
Independent director	Chang, Hui	0	—
Independent director	Hung, Ju-Mei	0	—
Total shares held by directors		20,644,742	12.91%

- Note: I. There are currently three independent directors on the board of directors of the Company. Hence, according to “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the shareholdings of independent directors elected by a public company shall not be counted in the total; the statutory share ownership figures calculated for all directors other than the independent directors shall be decreased by 20 percent.
- II. As of the book closure date for the shareholders’ meeting, April 16, 2023, the Company has issued 159,899,311 shares. According to “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the statutory minimum number of shares required to be held by all directors is 9,593,958 shares.
- III. The independent director Sun, Yuan-Jun resigned on December 15, 2022.

Appendix VII

Impact of Issuance of Stock Dividends on Business Performance, Earnings per Shares, and Return of Equity

Items		Year	2023 (Pro-forma)
Beginning paid-in capital			\$1,598,993,110
Stock dividend and cash dividend issued this year	Cash dividend per share		\$0.5
	Stock dividend per share for capital increase from retained earnings		—
	Stock dividend per share for capital increase from capital reserve		—
Change in business performance	Operating profit		—
	Year-on-year increase/decrease ratio of operating profit		—
	Net profit after tax		—
	Year-on-year increase/decrease (%) of net profit after tax		—
	Earnings per share		—
	Year-on-year increase/decrease of earnings per share		—
	Average annual ROE ratio (reciprocal of average annual P/E ratio)		—
Pro forma earnings per share and its P/E ratio	In case that cash dividends would be paid in lieu of stock dividend by a Capitalization of retained earnings	Pro forma earnings per share	—
		Pro forma average return over investment (annualized)	—
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve	Pro forma earnings per share	—
		Pro forma average return over investment (annualized)	—
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve, and cash dividends would be paid in lieu of stock dividends by a capitalization of retained earnings	Pro forma earnings per share	—
		Pro forma average return over investment (annualized)	—

Note 1: The dividend distribution for the year is calculated on the basis of 159,899,311 outstanding shares of the Company as of March 2023.

2: The Company did not make financial forecast for 2023 publicly; therefore, there is no need to disclose the information of the 2023 forecast.