

# Apacer

股票代碼:8271



## Apacer Technology Inc.

### 2023 Annual Shareholders' Meeting

Shareholders meeting will be held by means of : physical shareholders meeting

## Meeting Handbook

May 29th, 2023

## **APACER TECHNOLOGY INC.**

### **Rules of Procedure for Shareholders' meetings**

#### **Article 1 (Purpose)**

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

#### **Article 2 (Scope of application)**

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

#### **Article 3 (Convening shareholders' meetings and meeting notice)**

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the shareholder's proposal constitutes a recommendation urging the Company to promote public interest or fulfill social responsibilities, the board of directors may still include it in the agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### **Article 4 (Shareholder attendance in person or by proxy)**

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### **Article 5 (Principles determining the time and place of meeting)**

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

### **Article 6 (Preparation of documents such as the attendance book)**

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

### **Article 7 (The chair and non-voting participants of a shareholders' meeting)**

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors in person and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' meeting in a non-voting capacity.

### **Article 8 (Documentation by audio or video)**

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.

### **Article 9 (Quorum)**

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

### **Article 10 (Agenda discussion)**

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

When the chair is of the opinion that a proposal or amendment or extraordinary motion put forward by the shareholders has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

#### **Article 11 (Shareholder speech)**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### **Article 12 (Counting of votes and recusal)**

Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### **Article 13 (Exercise of voting rights)**

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 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, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 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 chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### **Article 14 (Election)**

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, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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 15 (Minutes)**

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

#### **Article 16 (Public disclosure)**

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17 (Maintaining order at the meeting place)**

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card.

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.



### **Article 18 (Recess and resumption of a shareholders' meeting)**

When a meeting is in progress, the chair may announce a break based on time considerations.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

### **Article 19 (Evolution)**

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.

These Rules were established on 22 June 2000.

The first amendment was made on 23 June 2003.

The second amendment was made on 28 May 2020.

The third amendment was made on 14 July 2021.

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## **I. Meeting Procedure**

1. Announcement to commence meeting
2. Chairman's opening speech
3. Reported Matters
4. Acknowledged and Discussion Matters
5. Extemporaneous Motion
6. Adjournment

## II. Meeting Agenda

Meeting Manner: Physical shareholders' meeting

Meeting Time: 9 a.m., Monday 29 May 2023

Meeting Location: 1F, No. 32, Zhongcheng Road, Tucheng District, New Taipei City (APACER TECHNOLOGY INC.)

### A. Reported Matters

- (1) 2022 Annual Business Report.
- (2) 2022 Audit Committee's Review Report.
- (3) 2022 Profits Report.
- (4) 2022 Employee and Director Remuneration Allocation Status Report.
- (5) Report on the Implementation of private placement common stock in 2022.
- (6) Report on Amendment to Sustainable Development Best Practice Principles.

### B. Acknowledged and Discussion Matters

- (1) Adoption of 2022 Annual Business Report and Financial Statements.
- (2) Discussion regarding the release the non-compete clauses for independent director Han, Ching-Shih.
- (3) Proposed issuance of ordinary shares through private placement for capital increase in cash.

### C. Extemporary Motion

### D. Adjournment

### III. Reported Matters

A. 2022 Annual Business Report

Illustration: For 2022 Annual Business Report, please refer to Attachment 1 to this Handbook on pages 18 to 20.

B. Audit 2022 Committee's Review Report.

Illustration: For 2022 Audit Committee's Review Report, please refer to Attachment 2 to this Handbook on page 21.

C. 2022 Profits Report.

Illustration:

- (1) According to Article 240, paragraph 5 of the Company Act and Article 21 of the Company's Articles of Association, if the Company distributes dividend and bonus in cash, the board of directors is authorized to pass resolutions by the majority of directors attending a meeting that is attended by 2/3 or more directors and report to the general shareholders' meeting.
- (2) On 21 February 2023, the board of directors of the Company passed the resolution to distribute shareholder cash dividend of NT\$404,871,278, equivalent to a cash dividend of NT\$3.30 per share, rounded down to the minimum of NT\$1, based on the shareholders listed in the shareholders register on the record date and the number of shares they hold. Distributions for fractional shares are combined and included as other income of the Company.

D. 2022 Employee and Director Remuneration Allocation Status Report

Illustration:

- (1) According to para the Company Act and Articles 20 and 16-1 of the Company's Articles of Association, if the Company realizes profit in a year, at least 4% shall be provisioned as employee remuneration and no more than 1.4% shall be provisioned as director remuneration.
- (2) The employee and director remuneration of the Company for 2022 has been approved by resolution of the board of directors on 21 February 2023. All such remuneration shall be issued in cash.
- (3) Total amount of employee remuneration of the Company for 2022 is NT\$83,479,000.
- (4) Total amount of director remuneration of the Company for 2022 is NT\$10,682,859.

E. Report on the Implementation of private placement common stock in 2022.

Illustration:

- (1) Report on the Implementation of common stock through private placement in 2022, please refer to Attachment 3 of this Handbook on pages 22 to 23.

F. Amendment to Sustainable Development Best Practice Principles

Illustration:

- (1) According to the letter from Taiwan Stock Exchange Corporation Tai-Zheng-Zhi-Li-Zi No. 1110024366 dated 23 December 2022, certain clauses of the Sustainable Development Best Practice Principles of the Company are amended.
- (2) For Comparison Table of Amendments, please refer to Attachment 4 to this Handbook on pages 24.

## **IV. Acknowledged and Discussion Matters**

### **Agenda No. 1**

Subject: Adoption of 2022 Annual Business Report and Financial Statements. (Proposal by board of directors)

Illustration: (1) The Company's 2022 business report and financial statements (including statutory and consolidated balance sheets, profit and income statements, equity variation statements and cash flow statements, etc.) have been audited by accountants Tze-Chieh, Tang and Wei-Ming, Shih of KPMG.

(2) The 2022 business report, the above financial statements and profit distribution statement have been reviewed by the audit committee and approved by board resolution. Please refer to Attachments 1, 5 and 6 to this Handbook on pages 18 to 20, 25 to 43 and 44.

(3) Submitted for approval.

Resolution:

### **Agenda No. 2**

Subject: Discussion regarding the release the non-compete clauses for independent director Han, Ching-Shih (Proposed by board of directors).

Illustration: (1) 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 explain to the meeting of shareholders the essential contents of such an act and secure its approval. Since independent director Han, Ching-Shih has added the title of independent director of AUO Cooperation since June 17, 2022 and therefore has investment or operate a company that is within the scope same or similar to the company, we hereby proposed to release her non-compete clauses pursuant to laws.

(2) The titles served by independent director Han, Ching-Shih in the Company and other companies are as follows: Independent Director of Apacer Co., Ltd., Independent Director of Wiwynn Corporation, Independent Director of MACROBLOCK, INC., Independent Director of AUO Corporation.

(3) It is hereby proposed for discussion.

Resolution:

### Agenda No. 3

Subject: The Company's proposal to issue ordinary shares through private placement for capital increase in cash is submitted for discussion (Proposed by board of directors).

Illustration : (I) To attract strategic investors and reinforce long-term partnership with strategic partners for the benefit of the Company's long-term operation and business development, the Company plans to issue new shares through private placement for capital increase in cash in accordance with /article 43-6 of the Securities and Exchange Act (hereinafter the "Private Placement"). Estimated total number of ordinary shares for the Private Placement will not exceed 10,000,000 shares, which shall be new ordinary shares with a face value of NT\$10 per share, to be issued through one or two issuances within one year from the date of shareholders' resolution.

(II) Details provided in accordance with Article 43-6 of the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities:

1. Basis and Reasonableness of Private Placement Price

(1) The price per share for the Private Placement is determined not to be lower than 80% of higher of the below two base prices preceding the pricing date of the Company:

(a) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

(b) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

(2) The board of directors is authorized to determine the actual pricing date and the actual private placement price based on the above pricing basis and in accordance with the placees selected and market status in the future, provided that it shall not be lower than the ratio resolved by the shareholders' meeting.

(3) The pricing manner for the Private Placement is in accordance with the Directions for Public Companies Conducting Private Placements of Securities. Considering the future prospect of the Company, the strict restrictions on the timing of transfer, target and quantity of securities placed and the fact that no listing may take place within 3 years, creating less liquidity, the price of the Private Placement is reasonable and should not create a significant impact on shareholders' interest.

2. Selection of Placees:

(1) The placees of the Private Placement shall be those selected in accordance with the requirements under Article 43-6 of the Securities and Exchange Act and the order by Financial Supervisory Commission, Executive Yuan (2002) Tai-Cai-Zheng-Yi-Zi No. 0910003455 dated 13 June 2002 and shall be limited to strategic investors only.

(2) It is proposed that the placees be strategic investors:

- (a) Placee selection manner and purpose: As required for the Company's long-term operation and business development, priority shall be given to strategic investors who can create direct or indirect benefit to the Company's operating capacity in the future, help the Company expand its business and product market, reinforce client relationship, improve overall benefit of product development and consolidation or to improve its technology, and who identify with the operating philosophy of the Company.
  - (b) Necessity: The purpose of this selection of placees is to introduce strategic investors and to reinforce long-term partnership with strategic partners. It is necessary to strengthen the Company's long-term competitiveness and operating performance through strategic investors.
  - (c) Estimated benefit: Through strategic cooperation, co-development of products, market consolidation or business development partnership, the strengths of strategic investors such as their experience, product technology, knowledge, brand goodwill and market channels are expected to help the Company lower its operating cost, upgrade its product technology, expand its sales market and increase the Company's operating performance in the future.
- (3) Currently no placee has been approached.
3. Reason why private placement is required:
- (1) Reason against public placement: In consideration of factors such as the status of capital market, cost of issuance, fundraising timeliness and feasibility of private placement and restrictions against free transfer of privately placed shares within 3 years and to ensure and reinforce closer long-term partnership with strategic partners, issuance of new shares through private placement for capital increase in cash is adopted this time in lieu of public placement.
  - (2) Private Placement Limit Amount: The total number of ordinary shares under this Private Placement will not exceed 10,000,000 shares, to be issued through one or two issuances within one year from the date of shareholders' resolution.
  - (3) Purpose of funds from Private Placement and estimated benefit are as follows:
    - (A) Number of issuances: Since issuance
      - (a) Purpose of funds: To seek opportunities of technical cooperation or strategic alliance with domestic or overseas large plants, which enriching working capital required for long-term operating development of the Company.
      - (b) Estimated benefit: Lower the Company's operating risk, strengthen its financial structure and improve its future operating performance.
    - (B) Number of issuances: Two issuances
      - (a) Purpose of funds: Both issuances are to seek opportunities of technical cooperation or strategic alliance with domestic or overseas large plants, which enriching working capital required for long-term operating development of the Company.



- (b) Estimated benefit: Both issuances are to lower the Company's operating risk, strengthen its financial structure and improve its future operating performance.
4. There has been no material change in the operation right during the one-year period before the board of directors resolved this Private Placement. The estimated total number of ordinary shares under this Private Placement will not exceed 10,000,000 shares, representing an estimated 7.54% of the total number of shares in the paid-in capital. The placees are expected to be strategic investors only, bringing positive effects to the business development of the Company. The introduction of strategic investors through this Private Placement will not create significant change in the operation right, either.
5. Other details to be provided:
- (1) Ordinary shares under this Private Placement will have the same rights and obligations as the ordinary shares already issued by the Company in principle. However, according to Article 43-8 of the Securities and Exchange Act, other than in accordance with the transferees and conditions provided in such article, ordinary shares under private placement are not freely transferable within 3 years from the delivery date in principle. After expiry of the 3-year period from the delivery date, the Company plans to first acquire a consent letter for listing qualification issued by the Taiwan Stock Exchange in accordance with applicable regulations such as the Securities and Exchange Act, followed by a filing with the competent authority for the public listing of the ordinary shares under this Private Placement and application for public trading.
- (2) It is proposed that the shareholders' meeting authorize the board of directors to adjust, establish and carry out main details of this Private Placement plan, including actual number of shares placed, actual price of private placement, selection of placees, record date, issue conditions, projects planned, purpose and progress of funding, estimated benefit and other relevant matters, etc., as well as all other matters related to the issuance plan based on the market situation. In case of legislative change in the future or request by the competent authority to make amendment, or if any change is required due to objective environment, the board of directors should also be authorized with full discretion.
- (3) In addition to the above scope of authorization, it is proposed that the shareholders' meeting authorizes the chairman to sign, negotiate and amend all contracts and documents related to the Private Placement on behalf of the Company and to carry out all matters required in relation to the Private Placement for the Company.
- (III) Submitted for discussion.

## **V. Extemporary Motion**

## **VI. Adjournment**

## VII. Attachment

### Attachment 1

#### APACER TECHNOLOGY INC. 2022 Business Report

Dear Shareholders:

Due to the Russia-Ukraine War of the past year, agricultural exports from Ukraine were blocked, leading to price fluctuation, an energy crisis, and an impact on world order. Economic damage and inflation caused by climate change has also influenced consumer demand, resulting in economic downturn. Global markets have been in a state of uncertainty since the second quarter, and various fluctuations have made enterprise operations more difficult than ever.

As a member of this rapidly changing market, Apacer has learned from past experience and strengthened its operational structure to facilitate adjustments to strategy and respond immediately when facing with challenges. We have recently promoted three business momentum strategies: **Focusing on key areas, deploying future technologies, and the digital transformation.** In 2022, we developed a fourth business momentum strategy: uniting with strategic partners. We then formed an alliance with UD Info Corp., and through private placement, invited Acer to become a partner. Thanks to these four major business momentum strategies, our EPS in 2022 reached another record high.

The consolidated sales revenue in 2022 was NT\$8.80 billion, with consolidated gross profit NT\$1.69 billion; the consolidated net income after tax was NT\$577 million, and EPS NT\$5.23. The 2022 operational performance and 2023 business plan are summarized as follows:

#### I. The consolidated operational performance in 2022:

Unit: NT\$ Thousand

Item	2022	2021	Increase (Decrease)
Sales Revenue	8,797,035	8,682,393	114,642
Gross Profit	1,688,414	1,452,884	235,530
Net Operating Income	694,122	573,060	121,062
Net Non-operating Income	19,353	4,213	15,140
Net Income after Tax	576,991	485,781	91,210
Equity Attributable to Parent Company	559,126	485,788	73,338
Non-controlling Interests	17,865	(7)	17,872
Earnings Per Share After Tax (Loss) (NT\$)	5.23	4.81	0.42

## II. 2022 Operation performance and major research results:

The summary of operation and brand performance is as follows:

1. Single technology was recognized in the EE Awards Asia for the first time.
2. Invited by the Industrial Development Bureau to participate in the Branding Taiwan Project for five consecutive years, and was awarded a potential star award.
3. The Sustainability Report won Gold in the TCSA Awards.
4. Won First Prize in the Manufacturing Elite Category of the 2022 Digital Transformation Innovation Awards.
5. Revenue in the top 10 among global module manufacturers.

To fulfill ESG initiatives and maximize our brand value as "Being a Good Partner", Apacer established a corporate governance officer prior to the schedule required by regulations. In addition, we launched the Greenhouse Gas Inventory Project and are preparing to acquire certification in 2024. We also invest a lot of effort in caring for our people and raise employee's recognition of the company; we provided pandemic insurance for all employees before the serious outbreak of COVID-19 so employees could get through that difficult time without additional challenges. We also hold charity events, for example, donating second-hand toys, exchanging second-hand items to raise money, Apacer Appreciation Day, sponsoring coffee trees from small-holder farmers, and donating products to social welfare organizations to expand our enterprise influence.

By the end of 2022, we had accumulated 235 domestic and international certificates and patents. DRAM is the core product of the business in both the industrial control market and consumer-end product market, DDR5 with the latest specifications has entered into mass production, and PCIe Gen4x4 specifications for SSD products are also available, which not only meets the needs of eSports and consumers, but also provides corresponding products in the vertical market. Moreover, a series of industrial control products have passed FIPS 140-2 of the US Federal Information Processing Standard; we are one of the few companies in the industry to have obtained this certification. We aim to keep up with IIoT trends by meeting demand for Intelligent Automated Inspection, launching self-developed AI+AOI optical inspection software and customized database management system, which have had good performance in the panel and biopharmaceutical manufacturing client base. We also aim to expand the business to food and beverage manufacturers in the future.

## III. 2023 Business Plan:

### (1) Operation guidelines

Sticking to the brand spirit of "Access the best", we are committed to "being a good partner" and ESG, building the sustainable competitiveness of Apacer while fulfilling our vision of being a leader in integrating technological information services with digital storage, the core concept of Apacer.

(2) Development strategies

Upholding the four strategic indicators of business momentum. Apacer will continue to invest in the deployment of digital transformation and future technologies, as well as work with strategic partners to focus on the deployment and market development of applications in high-value industries. We will also look for partners with complementary advantages and partner with them to extend the industry value chain.

(3) Important production and sales policies

Apacer is equipped with good operational and management abilities, including strategy adjustment mechanisms in response to operational risks, resilient supply chain management, and a diversified and integrated operating system. To achieve the goal of improving operational efficiency, we will continue to develop new products to increase brand market share. Furthermore, we will collect system data for analyses for use in manufacturing, purchasing, supply, marketing, and sales, enhancing our decision-making abilities while creating a multiplier effect.

It is widely believed that the economic situation will recover in the second half of 2023. While facing tough future challenges, Apacer will continue to promote the four strategies of business momentum and focus on the deployment of IIoT, cloud computing, national defense, information and communication, eSports, and Intelligent Automated Inspection. In addition, we will strengthen our cooperation with strategic partners, expand channels, increase brand exposure, and expand further in overseas markets. We will persist in implementing our core value of "Being a Good Partner" and ESG, and look forward to sharing our sustainable development achievements with all our stakeholders.

Chairman  
Manager  
Chief Accountant

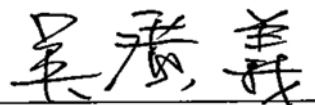
## Attachment 2

### **Audit Committee's Review Report**

The business report, financial statement, and earnings distribution proposal of the year 2022, which were prepared by the Company's Board of Directors, have been certified by TZE-CHIEH, TANG and WEI-MING, SHIH, CPAs of KPMG. The aforementioned reports, the business report, financial statements, and the earnings distribution proposal have been reviewed by the Committee and were found to be true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The general shareholders' meeting of APACER TECHNOLOGY INC. in 2023.

Convener of the audit committee: GUANG-YI WU

Handwritten signature of Guang-Yi Wu in black ink, written over a horizontal line.

21 February 2023

### Attachment 3

## **Report on the Implementation of Private Placement Common Shares in 2022**

Item	2022 Private Placement of Securities Issuance Date (Shares Distribution Date): December 15, 2022 Shares: 11,000,000
Type of Private Placement Securities	Common shares
Date and Quantity Approved by the Shareholders' Meeting	The capital increment by issuing common shares via private placement to the extent of 11,000,000 shares was approved in the shareholders' meeting on May 31, 2022, and shall be managed once or twice within one year from the date of resolution.
The basis and reasonableness of the private placement pricing: Basis for	<p>The price determination date of this (first) private placement is November 3, 2022. According to the resolution of the shareholders' meeting of the Company on May 31, 2022, the standards of the reference price of private placement was determined by 80 percent of the price calculated based on the higher of the following two standards:</p> <p>(A) The simple average of the closing prices of the ordinary shares of the company calculated either one, three, or five business days before the date of the price determination and after any adjustments for the distribution of stock or cash dividends or capital reduction. These were NT\$40.70, NT\$40.42 and NT\$40.16, respectively. The simple average closing price of the common shares of the company for one business day before the date of the price determination and after any adjustment for the distribution of stock or cash dividends or capital reduction, was NT\$40.70.</p> <p>(B) The simple average closing price of the common shares of the company calculated 30 business days before the date of the price determination and after any adjustment for the distribution of stock or cash dividends or capital reduction, was NT\$39.92. The higher of these two, NT\$40.70, shall be the reference price.</p> <p>With comprehensive consideration, the actual subscription price per share of the private placement is NT\$33, which is 81.08% of the reference price and not less than the minimum percentage resolved by the shareholders' meeting.</p>
The method for selecting the specific persons	Articles 43-6 of Securities Exchange Act
The reasons for the necessity for conducting the private placement	Considering the conditions of capital markets, issuance costs, fund raising timeliness, and feasibility of private placement, transfer of shares via private placement within three years may ensure and strengthen the long-term cooperation relationship between strategic partners.

Completion date of price collection	November 17, 2022				
Placee information	The Placee of the Private Placement	Qualification	Subscription Quantity (NT\$)	Relation with the Company	Involvement in Company Operation
	Acer Incorporated	Subparagraph 2 of Paragraph 1 of Article 43-6 of the Securities Exchange Act	363,000,000	None	None
Actual Subscription (or Conversion) Price	NT\$33 per share				
Difference Between Actual Subscription (or Conversion) and Reference Price	The subscription price is NT\$33 per share of this private placement, which is 81.08% of reference NT\$40.7 and not less than the minimum percent resolved by the shareholders' meeting				
The Effects of Private Placement to Shareholders' Equity	No private placement securities shall be transferred within three years and the qualification of place is regulated in the Securities Exchange Act, therefore the shareholders' equity is protected to certain level. Meanwhile, the private placement may replenish the working capital of the company and ensure long-term cooperation relationship with strategic investment partner of the company. Accordingly, it is favorable to the long-term development of the company and positive benefit to the shareholders' equity.				
The status of utilization of the funds and plan implementation progress	Fully used for working capital as required by the company				
Significance of private placement benefits	Rich working capital of the company is favorable to enhance competition advantage and market expansion				



## Attachment 4

### **APACER TECHNOLOGY INC.** **Comparison Table of Amendments to Sustainable Development** **Best Practice Principles**

Original Clause	Amended Clause	Remarks
<p>Article 27</p> <p>The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.</p> <p>The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>	<p>Article 27</p> <p>The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.</p> <p>The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p> <p><u>The Company should advise to, through donation, sponsorship, investment, procurement, strategic cooperation, corporate voluntary service or other support model to support organizations focused on culture, art or creative industry to promote cultural development.</u></p>	<p>According to the letter from Taiwan Stock Exchange Corporation Tai-Zheng-Zhi-Li-Zi No. 1110024366 dated 23 December 2022</p>
<p>Article 32</p> <p>These Principles were established on 21 April 2016.</p> <p>The first amendment was made on 16 April 2020.</p>	<p>Article 32</p> <p>These Principles were established on 21 April 2016.</p> <p>The first amendment was made on 16 April 2020.</p> <p>The second amendment was made on 31 May 2022.</p> <p><u>The third amendment was made on 29 May 2023.</u></p>	<p>Date of amendment added.</p>

## **Attachment 5**

### **Independent Auditors' Report**

The Board of Directors of Apacer Technology Inc.:

#### **Opinion**

We have audited the consolidated financial statements of Apacer Technology Inc. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 current period. These matters were addressed in the context of our audit of 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 consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### 1. Valuation of inventories

Please refer to notes 4(h), 5(a) and 6(e) for the accounting policy on inventories, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to consolidated financial statements.

##### Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. Management is required to make judgments and estimates in determining the net realizable value of inventories on the reporting date. The market prices of the Group's main raw materials, constituting the majority amount of product cost, fluctuate rapidly and the life cycle of certain products of the Group are short, which could possibly result in a price decline and obsolescence of inventories, wherein the inventories cost may exceed its net realizable value, as the Group fails to timely respond to market changes. Therefore, the valuation of inventories has been identified as one of the key audit matters.

##### How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included obtaining and understanding the Group's accounting policy of valuation of inventories, performing a retrospective test to evaluate the reasonableness of the accounting policy of valuation of inventories with reference to actual write-off of inventories in a subsequent period; as well as performing a sample test of the estimated selling price provided by Management to assess the reasonableness of the net realizable value and allowance for inventory valuation loss.

#### 2. Business combination

Please refer to notes 4(s) and 6(g) for the accounting policy on business combinations and "Business combination" for the related disclosures, respectively, of the notes to consolidated financial statements.

##### Description of key audit matter:

In August 2022, the Group issued additional shares of common stock in exchange for shares of common stock of UD INFO Corp. (UD), wherein the Company acquired 68.54% ownership of UD and obtained control over UD. To adopt the accounting treatment of business combination, the management needs to assess and determine the consideration transferred and the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Therefore, the assessment of acquisition of subsidiary has been identified as one of the key audit matters.

##### How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the share exchange agreement signed by both parties; understanding the related terms of scope of business combination and consideration transferred; inspecting the record of issuance of additional common shares to confirm the settlement of the share exchange transaction; obtaining the purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; auditing the acquired assets and liabilities identified by the management, including any fair value adjustments at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

### 3. Assessment of impairment of goodwill

Please refer to notes 4(m), 5(b) and 6(j)(iii) for the accounting policy on impairment of non-financial assets, “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of impairment of goodwill, and “Impairment test on Goodwill” for the related disclosures, respectively, of the notes to consolidated financial statements.

#### Description of key audit matter:

Goodwill arising from business combination is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

#### How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Group’s disclosures with respect to the related information.

#### **Other Matter**

Apacer Technology Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 members of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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.

The engagement partners on the audit resulting in this independent auditors' audit report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)  
February 21, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Assets					
Current assets:					
11100	Cash and cash equivalents (note 6(a))	\$ 1,419,376	23	650,064	13
11110	Financial assets at fair value through profit or loss—current (note 6(b))	980	-	110,748	2
11170	Notes and accounts receivable, net (notes 6(d) and (t))	735,899	12	1,335,198	27
11180	Accounts receivable from related parties (notes 6(d), (t) and 7)	377	-	2,420	-
1310	Inventories (note 6(e))	955,484	16	1,486,513	31
1476	Other financial assets—current (note 6(a))	1,380,623	23	100,440	2
1479	Other current assets	105,986	2	79,773	2
	Total current assets	4,598,725	76	3,765,156	77
Non-current assets:					
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	29,769	1	26,056	-
1550	Investments accounted for using equity method (note 6(f))	444	-	1,364	-
1600	Property, plant and equipment (notes 6(h) and 8)	917,402	15	861,356	18
1755	Right-of-use assets (note 6(i))	46,445	1	32,455	1
1780	Intangible assets (notes 6(g) and (j))	245,556	4	43,147	1
1840	Deferred income tax assets (note 6(p))	175,117	3	141,344	3
1980	Other financial assets—non-current	5,842	-	5,339	-
1990	Other non-current assets	2,736	-	1,851	-
	Total non-current assets	1,423,311	24	1,112,912	23
Liabilities and Equity					
Current liabilities:					
	Short-term borrowings (note 6(k))	\$ 92,145	2	251,979	5
	Financial liabilities at fair value through profit or loss—current (note 6(b))	1,012	-	133	-
	Notes and accounts payable	504,327	8	668,123	14
	Accounts payable to related parties (note 7)	214,345	4	202,608	4
	Other payables (notes 6(u) and 7)	452,284	8	384,135	8
	Current income tax liabilities	110,864	2	115,274	2
	Provisions—current (note 6(n))	10,544	-	10,224	-
	Lease liabilities—current (note 6(m))	15,659	-	14,848	1
	Other current liabilities (note 6(t))	206,050	3	66,279	1
	Current portion of long-term debt (notes 6(l) and 8)	2,016	-	-	-
	Total current liabilities	1,609,246	27	1,713,603	35
Non-current liabilities:					
	Long-term debt (notes 6(l) and 8)	28,108	1	-	-
	Deferred income tax liabilities (note 6(p))	22,894	-	123	-
	Lease liabilities—non-current (note 6(m))	31,339	1	18,086	1
	Net defined benefit liabilities (note 6(o))	19,982	-	40,541	1
	Guarantee deposits	6,558	-	13,845	-
	Total non-current liabilities	108,881	2	72,595	2
	Total liabilities	1,718,127	29	1,786,198	37
Equity attributable to shareholders of the Company (notes 6(g) and (q)):					
	Common stock	1,226,882	20	1,018,243	21
	Capital surplus	924,322	15	389,146	8
	Retained earnings	2,100,373	35	1,819,067	37
	Other equity	(87,389)	(1)	(134,722)	(3)
	Total equity attributable to shareholders of the Company	4,164,188	69	3,091,734	63
	Non-controlling interests (note 6(g))	139,721	2	136	-
	Total equity	4,303,909	71	3,091,870	63
Total liabilities and equity		\$ 6,022,036	100	\$ 4,878,068	100

Total assets

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Revenue (notes 6(t), 7 and 14)</b>	\$ 8,797,035	100	8,682,393	100
5000	<b>Cost of revenue (notes 6(e), (h), (j), (m), (n), (o), (r), 7 and 12)</b>	(7,108,621)	(81)	(7,229,509)	(83)
5900	<b>Gross profit</b>	<u>1,688,414</u>	<u>19</u>	<u>1,452,884</u>	<u>17</u>
6000	<b>Operating expenses (notes 6(d), (h), (i), (j), (m), (o), (r), (u), 7 and 12):</b>				
6100	Selling expenses	(553,021)	(6)	(511,040)	(6)
6200	Administrative expenses	(259,710)	(3)	(232,902)	(2)
6300	Research and development expenses	(165,679)	(2)	(138,947)	(2)
6450	Reversal of (recognized) expected credit losses	(15,882)	-	3,065	-
6000	<b>Total operating expenses</b>	<u>(994,292)</u>	<u>(11)</u>	<u>(879,824)</u>	<u>(10)</u>
6900	<b>Operating income</b>	<u>694,122</u>	<u>8</u>	<u>573,060</u>	<u>7</u>
7000	<b>Non-operating income and loss (notes 6(f), (h), (j), (m) and (v)):</b>				
7100	Interest income	11,009	-	2,067	-
7020	Other gains and losses — net	16,116	-	6,668	-
7050	Finance costs	(6,852)	-	(3,418)	-
7770	Share of losses of associates	(920)	-	(1,104)	-
	<b>Total non-operating income and loss</b>	<u>19,353</u>	<u>-</u>	<u>4,213</u>	<u>-</u>
7900	<b>Income before income tax</b>	<u>713,475</u>	<u>8</u>	<u>577,273</u>	<u>7</u>
7950	<b>Less: income tax expenses (note 6(p))</b>	<u>(136,484)</u>	<u>(1)</u>	<u>(91,492)</u>	<u>(1)</u>
	<b>Net income</b>	<u>576,991</u>	<u>7</u>	<u>485,781</u>	<u>6</u>
	<b>Other comprehensive income (notes 6(o), (p), (q) and (w)):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	20,565	-	(11,295)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,713	-	(10,365)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(4,113)	-	2,259	-
		<u>20,165</u>	<u>-</u>	<u>(19,401)</u>	<u>(1)</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations	34,679	-	(6,458)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		<u>34,679</u>	<u>-</u>	<u>(6,458)</u>	<u>-</u>
	<b>Other comprehensive income for the year, net of income tax</b>	<u>54,844</u>	<u>-</u>	<u>(25,859)</u>	<u>(1)</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 631,835</u>	<u>7</u>	<u>459,922</u>	<u>5</u>
8600	<b>Net income attributable to:</b>				
8610	Shareholders of the Company	\$ 559,126	7	485,788	6
8620	Non-controlling interests	17,865	-	(7)	-
		<u>\$ 576,991</u>	<u>7</u>	<u>485,781</u>	<u>6</u>
8700	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of the Company	\$ 613,970	7	459,929	5
8720	Non-controlling interests	17,865	-	(7)	-
		<u>\$ 631,835</u>	<u>7</u>	<u>459,922</u>	<u>5</u>
	<b>Earnings per share (in New Taiwan dollars) (note 6(s)):</b>				
9750	Basic earnings per share	\$ 5.23		4.81	
9850	Diluted earnings per share	\$ 5.11		4.71	

See accompanying notes to the consolidated financial statements.



**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 713,475	577,273
Adjustments:		
Depreciation	52,657	52,123
Amortization	16,007	12,085
Recognized (reversal of) expected credit loss	15,882	(3,065)
Interest expense	6,852	3,418
Interest income	(11,009)	(2,067)
Share-based compensation cost	8,941	26,823
Share of loss of associates	920	1,104
Loss (gain) on disposal of property, plant and equipment	(7)	10
Impairment loss on non-financial assets	303	140
Subtotal	90,546	90,571
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	3,502	(529)
Notes and accounts receivable	602,398	(503,522)
Accounts receivable from related parties	2,043	(1,621)
Inventories	769,467	(688,744)
Other current assets	(8,176)	(22,634)
Net changes in operating assets	1,369,234	(1,217,050)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	879	(35)
Notes and accounts payable	(201,810)	201,096
Accounts payable to related parties	(61,438)	(41,340)
Other payables	51,859	139,197
Provisions	320	2,880
Other current liabilities	24,419	27,419
Net defined benefit liabilities	6	(10)
Net changes in operating liabilities	(185,765)	329,207
Total changes in operating assets and liabilities	1,183,469	(887,843)
Total adjustments	1,274,015	(797,272)
Cash provided by (used in) operations	1,987,490	(219,999)
Interest received	9,326	2,187
Interest paid	(6,658)	(3,344)
Income taxes paid	(192,937)	(100,187)
Net cash provided by (used in) operating activities	1,797,221	(321,343)

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	-	(159,000)
Proceeds from disposal of financial assets at fair value through profit or loss	137,726	98,135
Acquisition of subsidiary, net of cash received	248,556	-
Acquisition of property, plant and equipment	(29,118)	(24,237)
Proceeds from disposal of property, plant and equipment	52	-
Acquisition of intangible assets	(5,946)	(943)
Decrease (increase) in other financial assets—current	(1,268,183)	509,179
Decrease in other financial assets—non-current	342	709
Increase in other non-current assets	(885)	(2,271)
<b>Net cash provided by (used in) investing activities</b>	<b>(917,456)</b>	<b>421,572</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(164,834)	153,629
Repayment of long-term debt	(22,716)	-
Increase (decrease) in guarantee deposits	(7,287)	8,225
Payment of lease liabilities	(17,965)	(18,510)
Cash dividends distributed to shareholders	(294,272)	(205,685)
Capital increase in cash	363,000	-
<b>Net cash provided by (used in) financing activities</b>	<b>(144,074)</b>	<b>(62,341)</b>
<b>Effect of foreign exchange rate changes</b>	<b>33,621</b>	<b>(5,440)</b>
<b>Net increase in cash and cash equivalents</b>	<b>769,312</b>	<b>32,448</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>650,064</b>	<b>617,616</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,419,376</b>	<b>650,064</b>

See accompanying notes to the consolidated financial statements.

## **Independent Auditors' Report**

To the Board of Directors of Apacer Technology Inc.:

### **Opinion**

We have audited the parent-company-only financial statements of Apacer Technology Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

Please refer to notes 4(g), 5(a) and 6(e) for the accounting policy on inventories, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to parent-company-only financial statements.

Description of key audit matter:

The Company's inventories are measured at the lower of cost and net realizable value. Management is required to make judgments and estimates in determining the net realizable value of inventories on the reporting date. The market prices of main raw materials of the Company, constituting the majority amount of product cost, fluctuate rapidly and the life cycle of certain products of the Company are short, which could possibly result in a price decline and obsolescence of inventories, wherein the inventories cost may exceed its net realizable value, as the Company fails to timely respond to market changes. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included obtaining and understanding the Company's accounting policy of valuation of inventories, performing a retrospective test to evaluate the reasonableness of the accounting policy of valuation of inventories with reference to actual write-off of inventories in a subsequent period; as well as performing a sample test of the estimated selling price provided by Management to assess the reasonableness of the net realizable value and allowance for inventory valuation loss.

2. Acquisition of subsidiary

Please refer to notes 4(s) and 6(f) for the accounting policy on business combinations and "Investments accounted for using equity method" for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

In August 2022, the Company issued additional shares of common stock in exchange for shares of common stock of UD INFO Corp. (UD), wherein the Company acquired 68.54% ownership of UD and obtained control over UD. To adopt the accounting treatment of business combination, the management needs to assess and determine the consideration transferred and the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Therefore, the assessment of acquisition of subsidiary has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the share exchange agreement signed by both parties; understanding the related terms of scope of business combination and consideration transferred; inspecting the record of issuance of additional common shares to confirm the settlement of the share exchange transaction; obtaining the purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; auditing the acquired assets and liabilities identified by the management, including any fair value adjustments at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

### 3. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to notes 4(m), 5(b) and 6(f)(iii) for the accounting policy on impairment of non-financial assets, “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of impairment of goodwill, and “Impairment test on Goodwill” for the related disclosures, respectively, of the notes to parent-company-only financial statements.

#### Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

#### How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Company’s disclosures with respect to the related information.

### **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identified and assessed the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the investees accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)  
February 21, 2023

#### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
APACER TECHNOLOGY INC.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021		December 31, 2021				
		Amount	%	Amount	%	Amount	%			
Assets		Liabilities and Equity								
Current assets:		Current liabilities:								
11100	Cash and cash equivalents (note 6(a))	\$	797,322	14	\$	92,145	2	251,979	5	
11110	Financial assets at fair value through profit or loss – current (note 6(b))	-	-	-	-	1,012	-	133	-	
11170	Notes and accounts receivable, net (notes 6(d) and (r))	535,434	10	1,114,944	23	490,811	9	666,953	14	
11180	Accounts receivable from related parties (notes 6(d), (r) and 7)	181,113	3	188,027	4	134,803	3	203,237	4	
1310	Inventories (note 6(e))	714,652	13	1,449,939	30	408,972	8	362,401	8	
1470	Other current assets	85,451	2	72,362	2	1,583	-	1,482	-	
1476	Other financial assets – current (note 6(a))	1,197,800	22	89,400	2	69,610	1	113,485	3	
Total current assets		3,511,772	64	3,361,666	70	9,500	-	10,224	-	
Non-current assets:		Other current liabilities (note 6(r))								
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	29,616	-	25,749	-	73,419	1	59,752	1	
1550	Investments accounted for using equity method (note 6(f))	862,452	16	372,453	8	1,290,917	24	1,678,356	35	
1600	Property, plant and equipment (note 6(g))	854,215	16	858,517	18	Total current liabilities				
1755	Right-of-use assets (note 6(h))	18,700	-	26,490	-	Non-current liabilities:				
1780	Intangible assets (note 6(i))	39,156	1	43,043	1	Deferred income tax liabilities (note 6(n))				
1840	Deferred income tax assets (note 6(n))	164,300	3	136,677	3	Lease liabilities – non-current (note 6(k))				
1980	Other financial assets – non-current	2,205	-	2,394	-	Net defined benefit liabilities (note 6(m))				
1990	Other non-current assets	2,736	-	1,851	-	Total non-current liabilities				
Total non-current assets		1,973,380	36	1,467,174	30	Total liabilities				
						Equity (note 6(o)):				
						Common stock				
						Capital surplus				
						Retained earnings				
						Other equity				
						Total equity				
Total assets		\$	5,485,152	100	4,828,840	100	Total liabilities and equity			

See accompanying notes to parent-company-only financial statements.



(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Revenue (notes 6(r) and 7)</b>	\$ 8,224,555	100	8,422,696	100
5000	<b>Cost of revenue (notes 6(e), (g), (i), (k), (l), (m), (p), 7 and 12)</b>	<u>(6,882,195)</u>	<u>(84)</u>	<u>(7,204,894)</u>	<u>(86)</u>
	<b>Gross profit before unrealized gross profit</b>	1,342,360	16	1,217,802	14
5920	Realized (unrealized) gross profit	<u>913</u>	<u>-</u>	<u>(2,593)</u>	<u>-</u>
	<b>Gross profit</b>	<u>1,343,273</u>	<u>16</u>	<u>1,215,209</u>	<u>14</u>
	<b>Operating expenses (notes 6(d), (g), (h), (i), (k), (m), (p), (s), 7 and 12):</b>				
6100	Selling expenses	(364,460)	(4)	(345,981)	(4)
6200	Administrative expenses	(218,850)	(3)	(202,314)	(2)
6300	Research and development expenses	(159,471)	(2)	(138,947)	(2)
6450	Reversal of (recognized) expected credit losses	<u>(16,673)</u>	<u>-</u>	<u>3,065</u>	<u>-</u>
6000	<b>Total operating expenses</b>	<u>(759,454)</u>	<u>(9)</u>	<u>(684,177)</u>	<u>(8)</u>
	<b>Operating income</b>	<u>583,819</u>	<u>7</u>	<u>531,032</u>	<u>6</u>
	<b>Non-operating income and loss (notes 6(f), (g), (i), (k) and (t)):</b>				
7100	Interest income	5,219	-	1,101	-
7020	Other gains and losses—net	12,332	-	6,855	-
7050	Finance costs	(6,217)	-	(3,188)	-
7070	Share of profits of subsidiaries and associates	<u>73,746</u>	<u>1</u>	<u>30,775</u>	<u>1</u>
	<b>Total non-operating income and loss</b>	<u>85,080</u>	<u>1</u>	<u>35,543</u>	<u>1</u>
	<b>Income before income tax</b>	668,899	8	566,575	7
7950	<b>Less: Income tax expenses (note 6(n))</b>	<u>(109,773)</u>	<u>(1)</u>	<u>(80,787)</u>	<u>(1)</u>
	<b>Net income</b>	<u>559,126</u>	<u>7</u>	<u>485,788</u>	<u>6</u>
	<b>Other comprehensive income (notes 6(m), (n), (o) and (u)):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	20,565	-	(11,295)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,867	-	(10,361)	-
8330	Share of other comprehensive income of subsidiaries	(154)	-	(4)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(4,113)</u>	<u>-</u>	<u>2,259</u>	<u>-</u>
		<u>20,165</u>	<u>-</u>	<u>(19,401)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	34,679	-	(6,458)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>34,679</u>	<u>-</u>	<u>(6,458)</u>	<u>-</u>
	<b>Other comprehensive income for the year, net of income tax</b>	<u>54,844</u>	<u>-</u>	<u>(25,859)</u>	<u>-</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 613,970</u>	<u>7</u>	<u>459,929</u>	<u>6</u>
	<b>Earnings per share (in New Taiwan dollars) (note 6(q)):</b>				
9750	Basic earnings per share	<u>\$ 5.23</u>		<u>4.81</u>	
9850	Diluted earnings per share	<u>\$ 5.11</u>		<u>4.71</u>	

See accompanying notes to parent-company-only financial statements.

**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Balance at December 31, 2022

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(English Translation of Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC.**

**Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 668,899	566,575
<b>Adjustments:</b>		
Depreciation	41,604	42,432
Amortization	9,781	11,941
Recognized (reversal of) expected credit loss	16,673	(3,065)
Interest expense	6,217	3,188
Interest income	(5,219)	(1,101)
Share-based compensation cost	8,941	26,823
Share of profit of subsidiaries and associates	(73,746)	(30,775)
Gain on disposal of property, plant and equipment	(48)	-
Impairment loss on non-financial assets	303	140
Unrealized (realized) gross profit on sales to subsidiaries and associates	(913)	2,593
Subtotal	<u>3,593</u>	<u>52,176</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Financial assets at fair value through profit or loss	669	(529)
Notes and accounts receivable	562,837	(440,906)
Accounts receivable from related parties	6,914	(62,941)
Inventories	735,287	(676,686)
Other current assets	(11,398)	(21,971)
Net changes in operating assets	<u>1,294,309</u>	<u>(1,203,033)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	879	(35)
Notes and accounts payable	(176,142)	205,921
Accounts payable to related parties	(68,434)	(41,175)
Other payables	46,415	133,059
Other payables to related parties	101	(367)
Provisions	(724)	2,880
Other current liabilities	13,667	27,458
Net defined benefit liabilities	6	(10)
Net changes in operating liabilities	<u>(184,232)</u>	<u>327,731</u>
Total changes in operating assets and liabilities	<u>1,110,077</u>	<u>(875,302)</u>
Total adjustments	<u>1,113,670</u>	<u>(823,126)</u>
Cash provided by (used in) operations	1,782,569	(256,551)
Interest received	3,528	1,218
Interest paid	(6,061)	(3,114)
Income taxes paid	(185,507)	(89,665)
<b>Net cash provided by (used in) operating activities</b>	<u>1,594,529</u>	<u>(348,112)</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**APACER TECHNOLOGY INC.**

**Statements of Cash Flows (Continued)**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	-	(159,000)
Proceeds from disposal of financial assets at fair value through or profit or loss	110,079	98,135
Acquisition of property, plant and equipment	(28,392)	(23,824)
Proceeds from disposal of property, plant and equipment	48	-
Acquisition of intangible assets	(5,946)	(943)
Decrease (increase) in other financial assets—current	(1,108,400)	508,600
Decrease in other financial assets—non-current	189	398
Increase in other non-current assets	(885)	(2,271)
<b>Net cash provided by (used in) investing activities</b>	<u>(1,033,307)</u>	<u>421,095</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(159,834)	153,629
Payment of lease liabilities	(9,040)	(8,449)
Cash dividends distributed to shareholders	(294,272)	(205,685)
Capital increase in cash	363,000	-
<b>Net cash used in financing activities</b>	<u>(100,146)</u>	<u>(60,505)</u>
<b>Net increase in cash and cash equivalents</b>	461,076	12,478
<b>Cash and cash equivalents at beginning of year</b>	<u>336,246</u>	<u>323,768</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 797,322</u></u>	<u><u>336,246</u></u>

See accompanying notes to parent-company-only financial statements.

## Attachment 6

### APACER TECHNOLOGY INC. 2022 Profit Distribution Statement

		Unit: NT\$
Retained Earnings from Previous Year		\$940,622,313
Plus: Net Profit After Tax for The Current Period	\$559,126,329	
Plus: Remeasurement of Defined Benefit Obligation	<u>16,452,000</u>	
Net Income After Tax Plus Items Other Than Current		575,578,329
Net Income Included in The Retained Earnings		
Less: 10% Legal Reserve		(57,557,833)
Plus: Reversal of Special Reserve Set Aside		<u>38,391,870</u>
Retained Earnings Available for Distribution		1,497,034,679
Distribution Item:		
Cash Dividends		<u>(404,871,278)</u>
Undistributed earnings at the end of the period		<u><u>\$1,092,163,401</u></u>

Chairman: YI-SHI, CHEN    Manager: CHIA-KUN, CHANG    Chief Accountant: Yi-Cheng Huang

## Appendix

### Appendix 1

#### **APACER TECHNOLOGY INC.** **Articles of Association**

##### Chapter 1 General

Article 1: The Company is organized in accordance with the Company Act and is named **APACER TECHNOLOGY INC.**

Article 2: The Company operates the following businesses:

- 1 CC01120 Data Storage Media Manufacturing and Duplicating
- 2 CC01080 Electronics Components Manufacturing
- 3 F401010 International Trade
- 4 F118010 Wholesale of Computer Software
- 5 F119010 Wholesale of Electronic Materials
- 6 F218010 Retail Sale of Computer Software
- 7 F219010 Retail Sale of Electronic Materials
- 8 I301010 Software Design Services
- 9 I301020 Data Processing Services
- 10 I301030 Electronic Information Supply Services
- 11 CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- 12 F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 13 F113070 Wholesale of Telecom Instruments
- 14 F213060 Retail Sale of Telecommunication Apparatus
- 15 CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- 16 CC01110 Computer and Peripheral Equipment Manufacturing
- 17 E701040 Simple Telecommunications Equipment Installation
- 18 F113050 Wholesale of Computers and Clerical Machinery Equipment
- 19 F113110 Wholesale of Batteries
- 20 F213110 Retail Sale of Batteries
- 21 F399040 Retail Sale No Storefront
- 22 I501010 Product Designing
- 23 JE01010 Rental and Leasing
- 24 CE01030 Optical Instruments Manufacturing
- 25 E603040 Fire Fighting Equipments Construction
- 26 E603050 Automatic Control Equipment Engineering
- 27 E606010 Power Consuming Equipment Inspecting and Maintenance
- 28 E801010 Indoor Decoration
- 29 I101070 Agriculture, Forestry, Fishing and Livestock Consulting
- 30 I103060 Management Consulting
- 31 I199990 Other Consulting Service
- 32 I301050 Reality Technology Services
- 33 JI01010 Interactive Scenario Experience Services
- 34 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

- Article 3: If the Company is a limited shareholder of another company, the total amount of its investment is not limited to 40% of its paid-in capital as provide under Article 13 of the Company Act.
- Article 4: The Company has its headquarters in New Taipei City and may establish branches or offices in proper domestic locations as required through board resolutions.
- Article 5: The Company makes public announcements in accordance with applicable regulations of the securities authority.

## Chapter 2 Shares

- Article 6: The Company's total capital is fixed at NT\$2,000,000,000, divided into 200,000,000 shares at NT\$10 per share. The board of directors is authorized to issue these shares through multiple issuances. Among such total capital amount, NT\$150,000,000 is reserved for the exercise of stock options, divided into 15,000,000 shares at NT\$10 per share, which may be issued through board resolutions through multiple issuances.
- Article 6-1: The Company issues employee stock options during the period of its listing in the emerging market, which may be issued at a share subscription price lower than the current price. If, after the Company is listed on the stock exchange or OTC market, the Company is allowed to issue employee stock options at a price lower than the closing price of its ordinary shares on the date of issuance and issues employee stock options in such manner, it shall be subject to the approval by shareholders representing 2/3 or more of voting rights in a meeting that is attended by shareholders representing the majority of total outstanding shares. After the Company is listed on the stock exchange or OTC market, it may transfer shares to its employees at a price that is lower than the actual average price of share buyback, subject to the approval by shareholders representing 2/3 or more of voting rights in a meeting that is attended by shareholders representing the majority of total outstanding shares.
- Article 6-2: When the Company buys back shares and transfers them to its employees, the transferees may include full-time employees of the Company and its subsidiaries meeting certain conditions (a "subsidiary" is a domestic or overseas invested company of which 50% of voting shares are directly or indirectly held by the Company).
- Article 6-3: When the Company issues new shares or new shares with restricted employee rights, it may include full-time employees of the Company and its subsidiaries meeting certain conditions (a "subsidiary" is a domestic or overseas invested company of which 50% of voting shares are directly or indirectly held by the Company).
- Article 7: All of the Company's shares are registered shares and shall be issued after affixation of the signatures or seals of 3 or more directors, numbering and certification by the competent authority or the issuance registration institution approved thereby. No share certificate needs to be printed for shares issued by the Company. However, registration shall be made with securities centralized custodian institutions. The same shall be applicable to the issuance of other securities.

Article 7-1: When the Company intends to de-list its shares, it shall be subject to a shareholder resolution. This clause shall not be amended during the period of listing on the emerging market, stock exchange or OTC market.

Article 8: Shareholder matters of the Company shall be handled in accordance with the regulations of the competent authority unless otherwise provided by the law.

### Chapter 3 Shareholders' meetings

Article 9: Shareholders' meetings are divided into general shareholders' meetings and extraordinary shareholders' meetings. General meetings are held once a year by the board of directors within 6 months from the end of each accounting year. Extraordinary shareholders' meetings are held as required in accordance with the law.

Article 10: Any shareholder who cannot attend a shareholders' meetings due to any reason may issue a proxy printed by the Company, specifying the scope of authorization, to designate a representative to attend the meeting on its behalf, provide that, other than trust enterprises or shareholder representation institutions approved by the securities authority, when a person holds proxies from 2 or more shareholders, the portion of the voting rights it represents in excess of 3% of the total outstanding shares shall be excluded from calculation. The proxy shall be delivered to the Company 5 days before the shareholders' meeting. In case of duplicate proxies, the proxy that is delivered first shall prevail.

Article 11: Shareholders resolutions shall be approved by shareholders representing the majority of voting rights in a meeting that is attended by shareholders representing the majority of all outstanding shares, unless otherwise provided in the Company Act.

Electronic voting in shareholders' meetings is one of the means of voting to be exercised by shareholders of the Company, subject to applicable procedures in accordance with the regulations of the competent authority.

### Chapter 4 Directors and Committees

Article 12: The Company has 7 to 9 directors, serving terms of 3 years and to be elected by the shareholders' meeting from a list of candidates under the candidate nomination system. The same person may be re-elected upon expiry of the term. The total number of shares of the Company held by all directors shall not be lower than the percentage stipulated by the competent authority in accordance with the law. The Company may purchase liability insurance for directors to cover compensation liabilities that they shall undertake in accordance with the law within the scope of business activities.

Article 12-1: Among the above number of directors of the Company, at least (including) 3 shall be independent directors, to be elected by shareholders' meeting from a list of candidates of independent directors under the candidate nomination system.

The professional qualifications, shareholding requirement, restriction on other positions, nomination and election manner and other compliance matters related to independent directors shall be in accordance with applicable regulations of the securities authority.



Article 12-2: The Company has an audit committee, which is formed by all independent directors. The audit committee or the members thereof is responsible for performing the duties of supervisors provided under the Company Act, the Securities and Exchange Act and other legislations.

Article 13: The board of directors is organized by directors. Among the directors, one chairman shall be elected by the majority of directors attending a meeting that is attended by 2/3 or more directors. The chairman represents the Company. The board of directors may establish functional committees of all types.

To convene a board meeting of the Company, a notice shall be given to each director 7 days in advance. The Company may convene board meetings at any time in case of emergency. Board meetings of the Company may be convened in writing, by email or by fax.

Article 14: The board of directors has the following duties:

1. Review, determination and supervision of annual business plan.
2. Review and determination of budget and closing.
3. Proposal for profit distribution or loss compensation.
4. Proposal for capital increase or decrease plan.
5. Approval of major capital expenditure plan.
6. Determination about establishment or cancellation of branch institutions (including offices).
7. Proposal of articles of association or amendment thereto.
8. Review of important external contracts or other major matters.
9. Review and determination of the Company's investment in other companies or sale of shares of invested companies.
10. Approval of major transactions between the Company and related parties (including affiliates).
11. Hiring and dismissal of presidents and vice presidents.
12. Determination of regulations for important property purchase, disposal and important systems.
13. Other duties in accordance with the law or imposed by shareholders' meeting.

Article 15: When the chairman is on leave or unable to perform his/her duties due to any reason, the representation shall be in accordance with Article 208 of the Company Act. Any director who cannot attend a meeting in person may issue a proxy, designating another director as his/her representative, provided that the representative shall hold the proxy of no more than one person.

Article 16: Unless otherwise provided by the Company Act, board resolutions shall be approved by 1/2 or more directors attending a meeting that is attended by 1/2 or more of all directors.

Article 16-1: The board of directors is authorized to determine the remuneration of directors of the Company based on the level of their participation in the Company's operation and the value of contribution and in reference to domestic and overseas industry standards. The remuneration shall be proposed by the remuneration committee to the board of directors for resolution and payment, regardless of whether the Company is profit-making or loss-making.

When the Company realizes a profit in a year, no more than 1.4% shall be provisioned as director remuneration. However, if the Company still has accumulated losses, the amount of accumulated losses shall first be deducted and the provision shall be made on the remaining amount. The rules of distribution shall be proposed by the remuneration committee and submitted to the board of directors for decision.

## Chapter 5 Manager

Article 17: The Company may have several manager, the hiring, dismissal and remuneration of which shall be in accordance with Article 29 of the Company Act. To the extent of authorization, manager of the Company have the right to manage affairs and affix signatures for the Company. The relevant rules of authorization shall be established by the board of directors.

## Chapter 6 Accounting

Article 18: At the end of each accounting year of the Company, the board of directors shall prepare books and records such as (1) business report, (2) financial statements and (3) profit distribution or loss compensation proposal and submit them to the general shareholders' meeting for approval.

Article 19: As the Company's industry sees swift change in its performance and development trends, the Company's dividend policy depends on the profit status of the relevant year. In consideration of and subject to the overall environment, applicable legislations, long-term development plan and stable financial structure of the Company, a balanced dividend policy is adopted. If dividend in cash is issued, it shall represent at least 10% of the total dividend of the relevant year.

Article 20: If the Company realizes profit in a year, at least 4% shall be provisioned as employee remuneration. However, if the Company still has accumulated losses, the amount of accumulated losses shall first be deducted and the provision shall be made on the remaining amount.

Employee remuneration under the previous paragraph may be in cash or in stock. The targets of distribution may include employees of subsidiaries who meet certain conditions. Such certain conditions shall be established by the board of directors.

Article 21: If the Company has profit upon annual closing, taxes shall be paid and losses from previous years shall be compensated first. Then 10% shall be provisioned as legal reserve, unless the amount of legal reserve has reached the amount of total capital. Then special reserve shall be provisioned or recycled in accordance with the law or as required by the competent authority. The remaining amount may be used to distribute shareholder dividend, together with retained earnings from previous years. When dividend and bonus are issued in the form of new shares, it shall be subject to shareholders resolution before distribution. If issued in cash, the board of directors is authorized to do so following resolution by the majority of directors attending a meeting that is attended by 2/3 or more directors, with a report to the shareholders' meeting. No dividend or bonus shall be paid when the Company has not profit other than distribution of reserve in accordance with the law.

Article 22: The Company may provide endorsements and guarantees due to business or investment relationships.

## Chapter 7 Miscellaneous

Article 23: Matters that are not stipulated in these Articles of Association shall be governed by the Company Act and other legislations.

Article 24: These Articles of Association were established on 31 March 1997.

The first amendment was made on 3 July 1997.

The second amendment was made on 11 November 1997.

The third amendment was made on 14 October 1999.

The fifth amendment was made on 30 April 2001.

The sixth amendment was made on 20 June 2002.

The seventh amendment was made on 23 June 2003.

The eighth amendment was made on 24 May 2004.

The ninth amendment was made on 6 December 2005.

The tenth amendment was made on 20 June 2006.

The eleventh amendment was made on 31 May 2007.

The twelfth amendment was made on 14 September 2007.

The thirteenth amendment was made on 16 June 2009.

The fourteenth amendment was made on 26 May 2000.

The fifteenth amendment was made on 13 June 2012.

The sixteenth amendment was made on 25 June 2013.

The seventeenth amendment was made on 3 June 2016.

The eighteenth amendment was made on 26 May 2017.

(Clauses about the replacement of supervisors by the audit committee under this amendment are only applicable when the terms of the current directors or supervisors expire in June 2018, followed by a full re-election.)

The nineteenth amendment was made on 30 May 2018.

The twentieth amendment was made on 28 May 2020.

The twenty-first amendment was made on 14 July 2021.

## Appendix 2

### **APACER TECHNOLOGY INC.** **Sustainable Development Best Practice Principles** **(post-amendment)**

#### **Chapter 1 General**

Article 1 In order to fulfill its sustainable development initiatives and to promote economic, environmental, and social advancement and sustainable development, APACER TECHNOLOGY INC. (hereinafter the "Company") has established these Principles in accordance with the Regulations Governing Sustainable Development Best Practice Principles and applicable legislations.

Article 2 The target and scope of application of these Principles include the entire operations of the Company and its group companies. The Company shall actively fulfill its sustainable development in the course of its business operations so as to follow international development trends and to contribute to economic development of the country to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance the competitive edges built on sustainable development.

Article 3 In fulfilling sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4 To implement sustainable development initiatives, the Company is advised to follow the principles below:

1. Promotion for the exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of sustainable development information.

Article 5 The Company shall take into consideration the correlation between the development of domestic and international sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of its respective business groups as a whole on stakeholders, in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders' meeting.

When a shareholder proposes a motion involving sustainable development, the Company's board of directors is advised to review and consider including it in the shareholders' meeting agenda.

## Chapter 2 Exercise of Corporate Governance

Article 6 The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies. The board of directors of the Company is advised to give full consideration to the interests of stakeholders and include the following matters in the Company's performance of sustainable development initiatives:

1. Identifying the Company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines.
2. Making sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8: The Company is advised to, on a regular basis, organize education and training on the implementation of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9: For the purpose of managing sustainable development initiatives, the Company is advised to establish a governance structure to promote sustainable development, establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10: The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

### **Chapter 3 Fostering a Sustainable Environment**

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Company is advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14 The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 15 The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises, to adopt related measures and adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of imported electricity, heating, or steam.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The Company's carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

3. Other indirect emission: Emission generated from the Company's activities that is not indirect energy emission but coming from a source of emission that is owned or controlled by another company.

#### **Chapter 4 Preserving Public Welfare**

Article 18 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. To fulfill its responsibility to protect human rights, the Company shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

Article 21 The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Company shall ensure the quality of their products and services by following



the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

**Article 25** The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

**Article 26** The Company is advised to assess the impact its procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with its suppliers to jointly implement the sustainable development initiative.

The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against sustainable development policy.

When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with sustainable development policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

**Article 27** The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

The Company should advised to, through donation, sponsorship, investment, procurement, strategic cooperation, corporate voluntary service or other support model to support organizations focused on culture, art or creative industry to promote cultural development.

## **Chapter 5 Enhancing Disclosure of Sustainable Development Information**

**Article 28** The Company shall disclose information according to relevant laws, regulations and

the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 29 The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of its implementation of sustainable development. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## **Chapter 6 Miscellaneous**

Article 30 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to obtain better results from the implementation of the sustainable development policy.

Article 31 These Principles, including any amendment hereto, are implemented following approval by the board of directors and reporting to the shareholders' meeting.

Article 32 These Principles were established on 21 April 2016.  
The first amendment was made on 16 April 2020.  
The second amendment was made on 31 May 2022  
The third amendment was made on 29 May 2023

## Appendix 3

### Director Shareholding Status

**(As of the record date of 31 March 2023 for general shareholders' meeting)**

Name	Representative	No. of Shares Held
CHEN, YI-SHI		1,525,633
LU, LI-DA		5,699,906
CHANG, CHIA-KUN		312,642
HSIEH, HONG-PO		0
HUANG, SHAO-HUA		1,207,041
PHISON ELECTRONIC CORPORATION		12,554,580
WU, GUANG-YI (Independent Director)		68,325
PENG, CHING-BING (Independent Director)		527
HAN, CHING-SHIH (Independent Director)		0
Total		21,368,654

- As of the record date of 31 March 2023 for this general shareholders' meeting, the Company's paid-in capital is NT\$1,226,882,660 and the total number of outstanding shares is 122,688,266 shares.
- According to the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the current directors of the Company should hold the following number of shares:  
All directors shall hold 8,000,000 shares in accordance with the law.
- The number of shares held by individual and all directors in the shareholders register is consistent with the legal ratios.



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