

Ticker Symbol:



為升電裝工業股份有限公司  
CUB ELECPARTS INC.

# 2023 General Shareholders' Meeting Handbook

Time of the shareholders' meeting: 10:00 a.m., Wednesday, May 24, 2023

Location of shareholders meeting: No. 6, Lane 546, Section 6, Zhanglu Road,  
Fuxing Township, Changhua County (the Company's employee restaurant)

Method for holding shareholders' meeting: Physical shareholders' meeting

# Table of Contents

One. Meeting Procedures .....	1
Two. Meeting Agenda .....	2
I. Report .....	3
II. Adoption .....	6
III. Discussion .....	8
IV. Extempore Motions .....	9
V. Adjournment .....	9
Three. Attachments	
Attachment 1. 2022 Business Report .....	10
Attachment 2. 2022 Audit Committee's Report .....	17
Attachment 3. Independent Auditor's Report and 2022 Standalone Financial Statements .....	18
Attachment 4. Independent Auditor's Report and 2022 Consolidated Financial Statements .....	26
Attachment 5. 2022 Earnings Distribution Schedule .....	34
Attachment 6. Comparison of the amended provisions of the "Procedures of the Board of Directors" .....	35
Attachment 7. Comparison of amended provisions of the "Articles of Incorporation" .....	41
Four. Appendix	
Appendix 1. Procedures of the Board of Directors [before amendment] ..	44
Appendix 2. Article of Incorporation [before amendment] .....	51
Appendix 3. Rules of Procedure for Shareholders' Meetings .....	61
Appendix 4. Information on profit sharing remuneration for employees and directors and supervisors .....	69

Appendix 5. Shareholdings of Directors and Supervisors..... 70

Appendix 6. Effect of the proposed stock dividends at this regular  
shareholders' meeting on the Company's business  
performances, earnings per share and shareholders' return on  
investment..... 71

# CUB ELECPARTS INC.

## Procedures for 2023 Regular Shareholders' Meeting

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report
4. Adoption
5. Discussion
6. Extempore Motions
7. Adjournment

# CUB ELECPARTS INC.

## Agenda for 2023 Regular Shareholders' Meeting

Time: 10:00 a.m., May 24, 2023

Location: No. 6, Lane 546, Section 6, Zhanglu Road, Fuxing  
Township, Changhua County

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report
  - (I) 2022 Business Report
  - (II) Report on Audit Committee's review of 2022 business report and financial statements.
  - (III) Report on Investment in Mainland China
  - (IV) Report on endorsement and guarantee in 2022
  - (V) Report on the distribution of profit sharing remuneration for employees and directors in 2022
  - (VI) Proposed amendment to "Procedures of the Board of Directors"
4. Adoption
  - (I) The 2022 business report and financial statements are hereby submitted for your adoption
  - (II) The 2022 earnings distribution proposal is hereby submitted for your adoption
5. Discussion
  - (I) Proposed amendment to "Article of Incorporation"
  - (II) Capital increase from earnings with issuance of new shares
7. Extempore Motions
8. Adjournment

## [Report]

No. 1

Subject: 2022 Business Report is hereby submitted for your review.

Description: Please refer to pages 08~12 of this Handbook (Attachment 1) for the Business Report.

No. 2

Subject: Audit Committee's report on 2022 business report and financial statements is hereby submitted for your review.

Description:

- (I) The financial statements of the Company for the year ended December 31, 2022, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, have been audited by CPAs Chen, Cheng-Hsueh and Chang, Tzu-Shin from KPMG Taiwan, who have issued an unqualified audit report. The aforementioned financial statements, together with the business report and the earnings distribution proposal have been reviewed by the Audit Committee, which has issued a review report. Please refer to pages 13 to 30 of this Handbook (Attachments 2 to 5).
- (II) The Audit Committee is invited to present their review report.

No. 3

Subject: Report on Investment in Mainland China

Description:

- (I) Report on execution of reinvestment (Excluding investees in Mainland China)

USD amount in thousands / number of shares in thousands of shares

Name of investing company	Name of investee	Its location	Main scope of operation	Original investment amount		Holding at the end of the period			Profit or loss of the investee company for the period	Investment gains/losses recognized for the period	Remarks
				End of the period	End of last year	Share(s)	Ratio	Carrying amount			
The Company	Silver Cub Inc.	Samoa	Investment holding	NTD 233,066 (USD 7,110)	NTD 233,066 (USD 7,110)	7,110	100.00%	910,915	(16,380)	(16,380)	Subsidiary (Note)
Silver Cub Inc.	Golden Cub Inc.	Anguilla	Investment holding	USD 7,110	USD 7,110	7,110	100.00%	USD 29,666	USD (549)	USD (549)	Subsidiary (Note)
The Company	Royal Cub Inc.	Republic of Seychelles	Investment holding	NTD 56,175 (USD 1,919)	NTD 56,175 (USD 1,919)	1,919	70.00%	56,059	5,240	3,668	Subsidiary (Note)
Royal Cub Inc.	Ever Cub Inc.	Republic of Seychelles	Investment holding	USD 2,741	USD 2,741	2,741	100.00%	USD 2,608	USD 176	USD 176	Subsidiary (Note)
Ever Cub Inc.	ITM Engine Components, Inc.	Carson, U.S.A	Auto parts trading	USD 2,807	USD 2,807	2,458	100.00%	USD 2,608	USD 176	USD 176	Subsidiary (Note)
The Company	ITM AUTOPARTS INTERNATIONAL INC.	Taiwan	International Trade	10,500	10,500	1,050	70.00%	13,231	6,869	4,808	Subsidiary (Note)

The Company	HARBINGER TECHNOLOGY CORPORATION	Taiwan	Telecommunication electronics and government projects	1,500,485	1,500,485	44,534	76.72%	1,502,862	67,045	49,726	Subsidiary (Note)
HARBINGER TECHNOLOGY CORPORATION	HARVEST OPTOELECTRONICS CORPORATION	Taiwan	Controlled Telecommunications Radio-Frequency Devices and Materials Imports	5,000	5,000	500	100.00%	5,292	(83)	(83)	Subsidiary (Note)
The Company	CUBTEK INC.	Taiwan	Motor Vehicles and Parts Manufacturing	596,907	596,907	40,595	44.51%	292,997	(313,224)	(139,589)	Subsidiary (Note)
CUBTEK INC.	Globe Cub Inc.	Anguilla	Investment holding	NTD 176,330 (USD 6,200)	NTD 176,330 (USD 6,200)	6,200	100.00%	31,459	(198,862)	(198,862)	Subsidiary (Note)
Globe Cub Inc.	Glory Cub Inc.	Republic of Seychelles	Investment holding	USD 6,200	USD 6,200	6,200	100.00%	USD 1,712	USD (6,662)	USD (6,662)	Subsidiary (Note)
The Company	BS System Technology Inc.	Taiwan	Image monitoring system and communication engineering	942,306	411,554	42,832	73.75%	888,498	13,664	(5,484)	Subsidiary (Note)

Note: Eliminated when the consolidated financial statements were prepared.

## (II) Report on execution of investment in Mainland China

Unit: NT\$/Thousands of USD

Investee in Mainland China  Company name	Investment gains/losses  Item	Paid-in  Capital size	Investment  method	Accumulated amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered for the period		Accumulated amount remitted from Taiwan at the end of the period	Gains/losses of investee company for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gains/losses recognized for the period	Book value for investment at the end of the period  Value	Investment income that has been remitted back, up to the period
					Remittance	Recovery						
CUB ELECPARTS INC., Shanghai	Manufacturing, processing and trading automobile parts and motorcycle switches	233,066 (USD 7,110)	Investment in Mainland China through reinvestment in an existing company in a third region	233,066 (USD 7,110)	-	-	233,066 (USD 7,110)	(16,380)	100%	(16,380) (Note)	910,915	-
CUBTEK INC. (Shanghai)	Motor Vehicles and Parts Manufacturing	176,330 (USD 6,200)	Investment in Mainland China through reinvestment in an existing company in a third region	176,330 (USD 6,200)	-	-	176,330 (USD 6,200)	(198,862)	44.51%	(88,513) (Note)	14,002	-

Note: Eliminated when the consolidated financial statements were prepared.

## (III) Reinvestment limit in Mainland China

Accumulated amount of investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission, Ministry of Economic Affairs (MOEA)	Investment limit in Mainland China according to provisions of the Investment Commission, Ministry of Economic Affairs (MOEA)
NTD\$409,396 (USD\$13,310)	NTD\$409,396 (USD\$13,310)	2,457,238

No. 4

Subject: Report on endorsement and guarantee in 2022.

Explanation:

Unit: Thousands of NTD (USD)

Serial No.	Name of company for endorser/guarantor	Endorsee/guaranteee		Amount limit of the Company's endorsement and guarantee for a single company	Maximum endorsement and guarantee balance for the period	Endorsement and guarantee balance at the end of period	Actual withdrawal amount	Amount for endorsement and guarantee secured by property	Ratio of accumulated amount for endorsement and guarantee to the net value of the latest financial statement	Maximum amount limit for endorsement and guarantee	Endorsement and guarantee by parent to subsidiary	Endorsement and guarantee by subsidiary to parent	Endorsement and guarantee to Mainland China
		Company name	Affiliation										
0	The Company	ITM Engine Components, Inc	2	4,095,397	28,994 (USD900)	27,639	22,418	-	0.73%	4,095,397	Y	-	-
0	The Company	HARBIN GER TECHNOLOGY CORPORATION	2	4,095,397	550,000	550,000	388,638	-	13.98%	4,095,397	Y	-	-
0	The Company	3S System Technology Inc.	2	4,095,397	210,000	210,000	-	-	5.34%	4,095,397	Y	-	-
1	CUBTEK INC.	CUBTEK INC. (Shanghai)		65,801	40,412	40,412	40,412	-	4.71%	197,403	Y	N	Y

Note 1: The amount of the Company's endorsement and guarantee for a single company shall not exceed 100% of the Company's current net worth.

Note 2: The total amount of the Company's external guarantee shall not exceed 100% of the Company's current net worth.

Note 3: The relationship between the endorser/guarantor and the endorsee/guarantee is as follows:

1. Companies with which the Company has a business relationship.
2. Subsidiaries in which the Company directly or indirectly holds more than 50% of the shares.

No. 5

Subject: Report on the distribution of profit sharing remuneration for employees and directors in 2021

Explanation:



1. In accordance with Article 28-1 of the Company's Articles of Incorporation, considering the shareholders' interests and taking into account the industry standard and the overall economic environment, the Company proposes to appropriate NT\$16,867,033 as employees' profit sharing remuneration and NT\$8,433,516 as directors' profit sharing remuneration for 2022.
2. The appropriation of employees' profit sharing remuneration of NT\$16,867,033 and directors' profit sharing remuneration of NT\$8,433,516 will be fully paid in cash.
3. The amount of profit sharing remuneration for employees and directors and the method of payment have been discussed and approved by the Remuneration Committee.

No. 6

Subject: Proposed amendment to "Procedures of the Board of Directors".

Description: According to the Jin-Kuan-Zheng-Fa No. 11103832635 letter issued by the Financial Supervision Commission on August 5, 2022, the "Procedures of the Board of Directors" of the Company is amended. Please refer to pages 35 -40 for details (Attachment 6) for comparison of amended provisions.

### [Adoption]

No. 1 (proposed by the Board of Directors)

Subject: The 2022 business report and financial statements are hereby submitted for your adoption

Explanation:

- (1) The financial statements of the Company for the year ended December 31, 2022, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, have been audited by CPAs Chen, Cheng-Hsueh and Chang, Tzu-Shin from KPMG Taiwan, together with the business report have been reviewed by the Audit Committee, who has issued a written review report on record and are hereby submitted for your adoption.
- (2) For the independent auditor's report, the 2022 Business Report, and the financial statements, please refer to pages 10 to 33 (Attachments 1 to 4) of

the Handbook.

Resolution:

No. 2 (proposed by the Board of Directors)

Subject: The 2022 earnings distribution proposal is hereby submitted for your adoption.

Explanation:

- (1) For 2022, net profit was NT\$629,723,119, after adding NT\$20,672,993 from decreased reversed special reserve set aside with deductions from equity, adding NT\$2,342,338 from remeasurement of defined benefit plans, providing NT\$63,206,546 for 10% legal reserve, and including NT\$533,265,911 from prior years' undistributed earnings, the available-for-distribution earnings for the period amounted to \$1,122,797,815 (see the balance sheet and income statement for details).
- (2) It is planned to distribute dividends of NT\$375,545,621 to shareholders from the available-for-distribution earnings for the period, of which NT\$308,483,901 will be distributed in cash, and the remaining NT\$67,061,720 will be capitalized by issuing shares, and will be distributed first from the net profit after tax for 2022. After the distribution, there will still be undistributed earnings of NT\$747,252,194.
- (3) Please refer to page 34 (Attachment 5) of the Handbook for the earnings distribution schedule.
- (4) After this case is passed at the regular shareholders' meeting, it is proposed that the Board of Directors be authorized by the regular shareholders' meeting to set the base date of ex-right and ex-dividend and other related matters.
- (5) In the event that the number of outstanding shares is affected by subsequent changes in the Company's capital stock and the shareholders' dividend distribution rate needs to be changed, it is proposed that the Board of Directors be authorized by the regular shareholders' meeting to handle the matters at its sole discretion.

## [Discussion]

No. 1 (proposed by the Board of Directors)

Subject: The Company proposes to amend “Article of Incorporation”, brought forth for discussion.

Description: In accordance with Article 4 of “Directions for Compliance with the Establishment of Board of Directors’ Exercise of Powers”, the attendance of directors, and Articles of Incorporation of the Company are amended. Please refer to pages 41 -43 (Attachment 7) of this Handbook for the comparison of amended provisions.

Resolution:

No. 2 (proposed by the Board of Directors)

Subject: Capital increase from earnings with issuance of new shares

Explanation:

1. The Company proposes to appropriate NT\$67,061,720 for capital increase from the undistributed earnings for 2022 as shareholders’ bonus with issuance of 6,706,172 new shares of common stock with par value of NT\$10 each.
2. For this capital increase from earnings with issuance of new shares, the allotment shall be made in proportion to the shareholding by the shareholders as stated in the shareholder roster on the base date of the stock dividends, and approximately 50 shares of stock dividends shall be allotted for every thousand shares. For any fractional shares, the shareholders may, within five days from the base date of stock dividends, pool the fractional shares of their own accord, after which the shareholder shall be paid in cash in accordance with Article 240 of the Company Act with calculation up to the NT\$1, and the Chairperson of the Board shall be authorized to contact certain persons to subscribe for the fractional shares that are not pooled or paid in cash at par value.
3. The rights and obligations of the new shares issued under the capital increase are the same as the original shares issued, and the Board of Directors is

authorized to set the base date for the allotment of shares after the approval of the shareholders' meeting and the competent authorities. In the event that the number of outstanding shares is affected by the exercise of employee stock options, the conversion of the Company's bonds, or the repurchase of the Company's shares, it is proposed to request the shareholders' meeting to fully authorize the Board of Directors to deal with matters related to changes.

4. The Board of Directors is authorized to handle all matters related to the capital increase with issuance of new shares if changes are required by the competent authorities or due to objective circumstances.
5. Please refer to page 34 (Attachment 5) of the Handbook for the earnings distribution schedule.

Resolution:

[Extempore Motions]

[Adjournment]

## Business Report;

Hello, ladies and gentlemen!

First of all, welcome to this year's shareholders' meeting during your busy schedule. On behalf of the Company and its subsidiaries, we would like to express our highest appreciation for your support and encouragement. We would like to report the 2022 operating status and future outlook of the Company and its subsidiaries as follows:

### I. 2022 Business Results

#### 1. Implementation results of 2022 Business Plan

For 2022, the net operating revenues of the Company and its subsidiaries were \$3,957,949 thousand, representing a 3% decrease over the previous year, and the net profits before tax were \$634,612 thousand, representing a 8.95% increase over the previous year.

In the past year, the Company and its subsidiaries adhered to their business priorities, actively expanding their business, on the one hand, strengthening cost control on the other, and investing in new product development in the hope of bringing greater performance and business growth.

Unit: In thousands of NTD

Item \ Year	2022	2021
Operating revenues	3,957,949	4,080,435
Operating gross profits	1,644,068	1,671,010
Net operating profits (losses)	452,714	592,662
Net profits after tax attributable to shareholders of the parent company	629,723	515,928
Earnings per share (NTD)	4.70	4.23

#### 2. Implementation status of budget:

In accordance with the current regulations, the Company did not disclose its financial forecast for 2022, so it is not applicable.

#### 3. Analysis of financial receipts and expenditures and profitability

(1) Unit: In thousands of NTD

Item	2022	2021	Increase (decrease) in amount	Increase (decrease) in percentage %
Cash flows from operating activities	1,155,283	734,231	421,052	57.35
Cash flows from investing activities	-884,472	-731,044	-153,428	20.99
Cash flows from financing activities	-426,561	1,099,156	-1,525,717	-138.81

Analysis of cash flows for the most recent year:

- i) Operating activities: The net cash inflow of \$1,155,283 thousand was mainly due to the fact that the COVID-19 pandemic gradually went under control and countries gradually lifted lockdown so that sales stabilized during the period.
- ii) Investment activities: The net cash outflow of \$884,472 thousand was mainly due to the increase in the subsidiary's engineering margin deposit during the period.
- iii) Financing activities: The net cash outflow of \$426,561 thousand was mainly due to the decrease in long-term loans and repayment of long-term loans during the period.

## (2) Profitability

Profitability (return on assets, return on equity, net profit margin, earnings per share, etc.): Although affected by the COVID-19 pandemic, revenue and profitability gradually recovered.

Item		2022	2021
Return on assets (%)		5.19%	6.01%
Return on equity (%)		9.53%	11.85%
As a percentage of paid-in capital (%)	Operating profits	33.76%	48.61%
	Net profits after tax	47.32%	47.78%
Net profit margin		11.83%	11.95%
Earnings per share (NTD)		4.70	4.23

## 4. Research and development

The sales of products of the Company and its subsidiaries have mainly been for export for a long time. Therefore, for the timeliness of product development, product manufacturing quality requirements and delivery accuracy, we adopt high standards for self-requirement, and

also maintain a conscientious attitude towards strengthening the R&D personnel's software and hardware design capability, mold design and development capability, electromechanical integration capability, modularization capability, and high-frequency RF design and development capability, and constantly ask for improvement, as well as constantly replenish the outstanding talents in the related technology fields to improve the Company's own research and development capabilities. In addition, in view of the diversification of the Company's and its subsidiaries' products, we need to be more cautious in investing and developing products, and we will analyze the actual sales situation to select hot-selling products, modular products, or models with potential for focused development and maintenance in order to maintain a highly competitive advantage. In addition, we will deepen the research and development of Universal TPMS (tire pressure monitoring system) and strengthen the decoding rate and simplification of tools for the replacement of European and American TPMS vehicles. For the market in China, we started to invest R&D resources to develop TPMS products for local vehicles in China, effectively utilizing the existing advantages of the Company and its subsidiaries to gradually enter the TPMS market in China.

The Company and its subsidiaries have independently developed the millimeter wave radar for automotive applications and possess the core technologies of 24GHz, 77GHz and 79GHz millimeter wave radar with many core key technologies such as phase antenna technology, radar algorithm technology and millimeter wave circuit technology, etc. In recent years, we have not only developed a number of millimeter wave radar modules (24GHz, 77GHz and 79GHz), but also used them to develop and integrate various ADAS systems, including blind spot detection (BSD), rear cross traffic alert (RCTA), door open warning (DOW), lane change alert (LCA), Forward Collision Warning (FCW), Pedestrian Detection (PD), Automatic Emergency Braking (AEB), Automatic Cruise Control (ACC), Stop-and-go, Drone Obstacle Avoidance Radar, Level Crossing Obstacle Detection, Internal Wheel Differential Active Warning, Radar and Image Fusion (Forward Collision and Lane Diversion Warning Fusion). The Company's Blind Spot Detection (BSD) and Forward Collision Warning (FCW) systems have passed the tests by TUV NORD of Germany, an international certification unit, and we are the first local company to pass the ISO 15623 and Mainland China's GB/T 33577 standard tests in the automotive field on both sides of the Taiwan Strait, which will help to win orders from vehicle manufacturers for ADAS Through the existing and newly developed AM and OEM market channels, we will also be able to secure huge business opportunities for general passenger cars, pick up, RV campers, heavy motorcycles, motorcycles, school buses, and other large commercial vehicles (e.g. tour buses, commuter buses, and tour buses).

## II. Summary of 2023 Business Plan

Item	Description of Contents
Product Direction	<ol style="list-style-type: none"> <li>1. Continue to increase the completeness of our product lineup and add new vehicle models (e.g. Korean and European models) to reduce our customers' procurement costs and satisfy their needs in one purchase.</li> <li>2. Related derivative applications of TPMS tire pressure monitoring system products</li> <li>3. Gradually increase the launch of electronic products, develop towards higher margin and higher technology categories, and enhance the depth of products.</li> <li>4. Develop parts for original manufacturers and take the initiative to launch more competitive products in the market.</li> <li>5. Actively participate in the system development after TPMS and ADAS legislation.</li> <li>6. Strengthen the design capability of vehicle switches, sensors and vehicle electronics, and command the key technologies of automotive components.</li> <li>7. Strengthen engineering management and information integration, and bring in electromechanical talents to respond to new technologies.</li> <li>8. Independently research and develop millimeter wave radar for automotive applications, with core technologies of high-end 24GHz, 77GHz and 79GHz millimeter wave radar and radar and image fusion.</li> <li>9. In addition to traditional passenger car applications, expand the application of ADAS technology and introduce ADAS-related application innovations into many new vehicle models and new product applications, such as school buses, heavy motorcycles, motorcycles, RV campers, and other large vehicles (e.g., tour buses, commuter buses, and linkage vehicles).</li> <li>10. Millimeter wave radar is used in non-vehicle applications such as intelligent transportation, public constructions, security, water conservancy, industry, and drones.</li> </ol>
Production Strategy	<ol style="list-style-type: none"> <li>1. Implement scheduling and mass production point inspection to ensure the quality of production and reduce unnecessary rework</li> </ol>



	<p>and waste in production process.</p> <ol style="list-style-type: none"> <li>2. Continuously carry out COST DOWN in response to the increase of raw material prices.</li> <li>3. Strengthen product manufacturing specification standards and verification capabilities.</li> <li>4. Enhance automatic production capability and increase production value.</li> <li>5. Reduce the quantity and amount of inventory to prevent the stock from becoming obsolete and respond early.</li> </ol>
Scale of Operations	<ol style="list-style-type: none"> <li>1. In addition to consolidating the U.S., Central and South American markets, developing the European market as the business objective</li> <li>2. Expand millimeter wave radar AM application products and millimeter wave radar OEM products for automakers, and strengthen the self-developed technology and application of millimeter wave radar. In addition to the application of ADAS systems (BSD, FCW, AEB, etc.) in general passenger cars, it also introduces more innovations into new vehicle model markets and applications, such as school buses, drones, public transportation and traffic facilities (e.g., level crossings), large commercial vehicles, etc. ...and other markets.</li> <li>3. Ensure the quality of existing products to consolidate the existing market, and enhance the accuracy and timeliness of delivery to respond to the sales pattern of small volume and multiple SKU.</li> <li>4. Expand the Company's product sales channels and generate higher revenue through the integration of resources from affiliates and the development and cooperation with new and existing channel vendors to generate higher revenue results.</li> </ol>

### III. Future development strategy of the Company

Since its establishment, the Company has been adhering to an active and steady management policy, gradually recruiting outstanding talents in various related fields to create maximum profits for the Company and all employees. In addition to our own demands for speed of product development and quality of products, we also continue to maintain stable and good cooperative relationships with our existing customers, and expand our product sales channels or increase the diversity of our products through reinvestment, etc. We are striving for stable profitability year

after year to create the best return on investment.

#### IV. Effect of the external competitive environment, regulatory environment and general business environment

The Company has been responding to changes in the external competitive environment, regulations and the general business environment through a sound and effective internal control system, and has steadily gone through each economic cycle. Only institutionalized management can lead the Company to sustainable business development. In addition, the Company is constantly recruiting talents in various fields to enrich our human resources, so that we can flexibly adjust the pace of our development and move forward toward our established goals in response to the rapidly changing external factors.

1. Maintain a complete supply system: The Company and its subsidiaries have formed a complete supply network with various suppliers, so that the Company's production is flexible enough to cope with changes in market demand in the face of cyclical fluctuations in the economy.
2. Strengthen research and development capabilities: The Company and its subsidiaries focus on product development and cultivation of research and development personnel, actively strengthening the Company's research and development capabilities, improving process and product quality, and actively developing related diverse products in line with market trends and developing niche products with higher technological thresholds to increase the Company's product breadth, which can mitigate the impact of the economic cycle on the Company's business.
3. Strengthen customer relationships and actively explore new sources of customers: the Company and its subsidiaries, in addition to actively strengthening customer relationships, continue to explore new markets and gain channel benefits through new channel development and cooperation or reinvestment, which can increase the sales visibility of the Company's products and reduce the impact on the Company's business caused by fluctuations in the economic conditions of individual regions or operational risks arising from individual sales customers.
4. Strengthen the Company's financial structure: In the face of the global economic cycle and the impact of COVID-19 on the global economy, the Company and its subsidiaries maintain good relationships with major cooperative banks in order to obtain better interest rates and reduce interest expenses, and use capital market resources to strengthen the Company's financial structure in a timely manner.

5. Talent cultivation and development: The Company strengthens the education and training of its employees, actively cultivates professional talents, and provides related welfare measures to strengthen the motivation of the employees and the Company's ability to respond to changes in the economic climate.

Finally, we would like to thank our enthusiastic and dedicated colleagues for their long-standing support and encouragement of the Company. And I wish you all

Good health and the best in all of your endeavors

Chairman: Yu San-Chuan



Manager: Yu San-Chuan



Head of Accounting: Liu Wan-Hua



## Audit Committee's Report

The Board of Directors has prepared the Company's 2022 Financial Statements, Business Report and Earnings Distribution Proposal. Among them, the Company's 2022 Financial Statements have been audited by the CPAs from KPMG Taiwan, who have issued the Audit Report. The above-mentioned 2022 Financial Statements, Business Report, and Earnings Distribution Proposal have been reviewed by the Audit Committee and no discrepancies have been found. In accordance with the provisions of the Securities and Exchange Act and the Company Act, we hereby report the above for your review.

To  
2023 General Shareholders' Meeting

CUB ELECPARTS INC.

Convener of the Audit Committee, Chang Chuan-Li



March 7, 2023



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of CUB ELECPARTS INC.:

### Opinion

We have audited the financial statements of CUB ELECPARTS INC. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1: Revenue recognition

Please refer to note 4(m) "Revenue recognition" for the accounting policy on revenue recognition; note 6(w) "Revenues from contracts with customers" for revenue recognition of contract.

Description of key audit matter:

Revenue is the key performance indicator to evaluate the performance by the investors and management. Since the revenue is recognized based on each sale order and contract terms to be identified, for expanding the sales market, the management is devoted to developing a new distributor; therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Company.



How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include testing the controls surrounding revenue recognition; Analyzing there is any significant abnormality in a change in customers between the current year and the prior year, sampling the top ten customers, and reviewing the contracts and sales orders to evaluate the influence on revenue recognition and assess the accounting treatment of related contracts is applied appropriately, performing a sample test on sales transactions that took place before and after the balance sheet date, reviewing the relevant documents, and assessing the accuracy of the timing of revenue recognition.

## 2. Assessment of accounts receivable impairment

Please refer to Note 4(f) “Financial Instruments” for accounting policy of assessment of accounts receivable impairment, Note 5(a) for accounting assumption, judgments and estimation uncertainty of assessment of accounts receivable impairment, and Note 6(c) for the disclosure of assessment of accounts receivable.

Description of key audit matter:

The Company's accounts receivable are mainly from automobile component customers and are concentrated on certain customers. The impairment loss of accounts receivable assessment is based on management's subjective judgment. Thus, the assessment of accounts receivable impairment is one of the most important evaluations in performing our audit procedures.

How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include analyzing the aging of accounts receivable; sampling and reviewing the relevant documents as well as calculating the accuracy of the aging of accounts receivable; understanding and evaluating the management's consideration relating to overdue receivables, considering the receipt of cash after the year end, and understanding the possibility of remaining receivables collection. In addition, the reasonableness of the provision for impairment losses is understood and assessed based on the customer's historical receipt status, industrial economic condition, and the concentration of the credit risk.

## 3. Assessment of impairment of investments (Goodwill) accounted for using equity method

Please refer to Note 4(k) “intangible assets” for the accounting policies. Note 5(b) for accounting assumptions, judgments and estimation uncertainty of assessment of impairment of investments accounted for using equity method and Note 6(f) for details.

Description of key audit matter:

The assessment of impairment of investments accounted for using equity method is based on the estimation of the future cash flow of the investee's operation to determine the recoverable amount. We list Equity method investments as one of our key audit matters because it is significant uncertainty and contains the significant subjective judgment of the management.

How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include: assessing whether the cash-generating unit and its related tested assets that the management has identified to impair show possible signs of impairment and further understanding and testing the evaluation models and key assumptions such as future cash flow projections, use period and a weighted average cost of capital that the management use in the impairment test, and assessing the accuracy of previous management forecasts; and carrying out sensitivity analysis of results. In addition to the above assessment process, reviewing and assessing the reasonability of assumptions through the report of the assessment of impairment loss of goodwill provided by the evaluation expert; evaluating the qualifications and independence of the evaluator, and assessing whether the accounting policies for goodwill impairment test and other relevant information have been appropriately disclosed.

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

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

In preparing the 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng Hsueh, Chen and Tsu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)  
March 7, 2023

#### Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of 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 parent company only 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 parent company only financial statements, the Chinese version shall prevail.



(Expressed in Thousands of New Taiwan Dollars)

22

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(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
CUB ELECPARTS 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 Common Share)

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	Operating revenue (Notes 6(w) and 7)	\$ 2,705,428	100	2,640,062	100
5000	Operating costs (Notes 6(e), (k), (x), and 7)	<u>1,515,706</u>	<u>56</u>	<u>1,540,754</u>	<u>58</u>
	<b>Gross profit</b>	<u>1,189,722</u>	<u>44</u>	<u>1,099,308</u>	<u>42</u>
	<b>Operating expenses</b> (Notes 6(k), (r), (u), (x) and 7):				
6100	Selling expenses	88,712	3	125,808	5
6200	Administrative expenses	125,887	5	118,526	4
6300	Research and development expenses	183,321	7	182,244	7
6450	Gain on reversal and loss of Impairment determined in accordance with IFRS 9 (Note 6(c))	<u>(7,304)</u>	<u>-</u>	<u>35,069</u>	<u>1</u>
		<u>390,616</u>	<u>15</u>	<u>461,647</u>	<u>17</u>
	<b>Operating income</b>	<u>799,106</u>	<u>29</u>	<u>637,661</u>	<u>25</u>
	<b>Non-operating income and expenses</b> (Note 6(y)):				
7100	Interest income (Note 7)	5,665	-	3,397	-
7010	Other income (Note 7)	18,734	1	47,322	2
7020	Other gains and losses	133,211	5	(30,787)	(1)
7050	Finance costs (Note 6(q))	(35,414)	(1)	(22,602)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method	<u>(103,251)</u>	<u>(4)</u>	<u>(4,629)</u>	<u>-</u>
		<u>18,945</u>	<u>1</u>	<u>(7,299)</u>	<u>-</u>
7900	<b>Profit before income tax</b>	818,051	30	630,362	25
7950	Income tax expenses (Note 6(s))	<u>188,328</u>	<u>7</u>	<u>114,434</u>	<u>4</u>
	<b>Net profit</b>	<u>629,723</u>	<u>23</u>	<u>515,928</u>	<u>21</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(r))	1,051	-	1,432	-
8331	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,291	-	(234)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,342</u>	<u>-</u>	<u>1,198</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	20,675	1	(8,152)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>20,675</u>	<u>1</u>	<u>(8,152)</u>	<u>-</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>23,017</u>	<u>1</u>	<u>(6,954)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 652,740</u>	<u>24</u>	<u>508,974</u>	<u>21</u>
	<b>Earnings per share (in dollars)</b> (Note 6(v))				
9750	<b>Basic earnings per share</b>	<u>\$ 4.70</u>		<u>4.23</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 4.62</u>		<u>4.23</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
CUB ELECPARTS INC.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

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

	Retained earnings					Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
<b>Balance at January 1, 2021</b>	\$ 1,219,166	559,889	793,838	65,457	457,603	1,316,898	(39,196)	3,056,757
Profit (loss) for the period	-	-	-	-	515,928	515,928	-	515,928
Other comprehensive income for the period	-	-	-	-	1,198	1,198	(8,152)	(6,954)
Total comprehensive income for the period	-	-	-	-	517,126	517,126	(8,152)	508,974
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	17,727	-	(17,727)	-	-	-
Special reserve	-	-	-	(26,261)	26,261	-	-	-
Cash dividends of ordinary share	-	-	-	-	(146,300)	(146,300)	-	(146,300)
Other changes in capital surplus:								
Expenses of share option	-	30,033	-	-	-	-	-	30,033
Changes in net equity of subsidiaries accounted for using equity method	-	752	-	-	-	-	-	752
The difference in net equity resulting from the subscription of new shares not in proportion	-	75,546	-	-	-	-	-	75,546
<b>Balance at December 31, 2021</b>	<u>\$ 1,219,166</u>	<u>666,220</u>	<u>811,565</u>	<u>39,196</u>	<u>836,963</u>	<u>1,687,724</u>	<u>(47,348)</u>	<u>3,525,762</u>
<b>Balance at January 1, 2022</b>	\$ 1,219,166	666,220	811,565	39,196	836,963	1,687,724	(47,348)	3,525,762
Profit (loss) for the period	-	-	-	-	629,723	629,723	-	629,723
Other comprehensive income for the period	-	-	-	-	2,342	2,342	20,675	23,017
Total comprehensive income for the period	-	-	-	-	632,065	632,065	20,675	652,740
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	51,712	-	(51,712)	-	-	-
Special reserve	-	-	-	8,151	(8,151)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,917)	(121,917)	-	(121,917)
Stock dividends of ordinary share	121,916	-	-	-	(121,916)	(121,916)	-	-
Other changes in capital surplus:								
Expenses of share option	-	18,659	-	-	-	-	-	18,659
Changes in net equity of subsidiaries accounted for using equity method	-	9,203	-	-	-	-	-	9,203
Due to recognition of equity component of convertible bonds is issued	-	45,313	-	-	-	-	-	45,313
The difference in net equity resulting from the subscription of new shares not in proportion	-	(34,363)	-	-	-	-	-	(34,363)
<b>Balance at December 31, 2022</b>	<u>\$ 1,341,082</u>	<u>705,032</u>	<u>863,277</u>	<u>47,347</u>	<u>1,165,332</u>	<u>2,075,956</u>	<u>(26,673)</u>	<u>4,095,397</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
CUB ELECPARTS INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Common Share)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 818,051	630,362
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	87,589	96,690
Amortization expense	15,261	13,515
Gain on reversal and loss of Impairment determined in accordance with IFRS 9	(7,304)	35,069
Net loss on financial assets or liabilities at fair value through profit or loss	390	-
Interest expense	35,414	22,602
Interest income	(5,665)	(3,397)
Share-based payments	18,659	30,033
The losses of inventory write-down, disposal, and obsolescence	13,262	20,506
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	103,251	4,629
(Gains) losses on disposals of property, plant and equipment	(31)	340
Losses (gains) on disposals of intangible assets	10	(233)
<b>Total adjustment</b>	<b>260,836</b>	<b>219,754</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in notes receivable	5,912	(5,241)
Increase in accounts receivable due from related parties	(228,262)	(259,861)
Decrease in other receivables (including related parties)	1,428	8,812
Decrease (increase) in inventories	28,771	(147,874)
Decrease in other current assets	27,668	4,313
<b>Net changes in operating assets</b>	<b>(164,483)</b>	<b>(399,851)</b>
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(8,717)	5,871
(Decrease) increase in accounts payable (including related parties)	(87,307)	80,542
Increase in other payables (including related parties)	27,748	27,087
Decrease in other current liabilities	(1,671)	(9,855)
Decrease in defined benefit liabilities	(358)	(377)
<b>Net changes in operating liabilities</b>	<b>(70,305)</b>	<b>103,268</b>
<b>Total changes in operating assets and liabilities</b>	<b>(234,788)</b>	<b>(296,583)</b>
<b>Total adjustments</b>	<b>26,048</b>	<b>(76,829)</b>
Cash inflows generated from operations	844,099	553,533
Interest received	5,665	3,397
Interest paid	(30,057)	(22,602)
Income taxes paid	(120,745)	(33,787)
<b>Net cash flows from operating activities</b>	<b>698,962</b>	<b>500,541</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(530,752)	(1,067,919)
Dividends received	-	1,046
Acquisition of property, plant and equipment	(277,179)	(77,119)
Proceeds from disposal of property, plant and equipment	453	1,001
(Increase) decrease in restricted assets	(694)	55,400
Acquisition of intangible assets	(7,592)	(26,408)
Proceeds from disposal of intangible assets	-	239
Decrease in receivables of loans from related parties	-	280,000
Increase in prepayment for plant and equipment	(23,164)	(58,870)
<b>Net cash flows used in investing activities</b>	<b>(838,928)</b>	<b>(892,630)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	7,654,375	8,410,000
Decrease in short-term borrowings	(8,964,375)	(7,720,000)
Proceeds from issuing bonds	1,300,952	-
Proceeds from long-term borrowings	235,625	800,000
Repayments of long-term borrowings	(351,458)	(781,667)
Increase in guarantee deposits received	(3)	(6)
Payments of lease liabilities	(1,689)	(874)
Cash dividends paid	(121,917)	(146,300)
<b>Net cash (outflows) inflows form financing activities</b>	<b>(248,490)</b>	<b>561,153</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(19)</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(388,475)</b>	<b>169,064</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>901,669</b>	<b>732,605</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 513,194</b>	<b>901,669</b>

See accompanying notes to parent company only financial statements.



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## Independent Auditors' Report

To the Board of Directors of CUB ELECPARTS INC.:

### Opinion

We have audited the consolidated financial statements of CUB ELECPARTS INC. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

#### 1. Revenue recognition

Please refer to note 4(p) "Revenue recognition" for the accounting policy on revenue recognition; note 5(c) for details on accounting judgment and major sources of the estimation uncertainty; note 6(z) "Revenues from contracts with customers" for revenue recognition of contract.

Description of key audit matter:

Revenue is the key performance indicator to evaluate the performance by the investors and management. Since the revenue is recognized based on each sale order and contract terms to be identified and because the Group is devoted to developing a new distributor, the timing and amount of revenue recognition have a significant impact on the financial statement. Therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Group.

How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include testing the controls surrounding revenue recognition; Analyzing there is any significant abnormality in a change in customers between the current year and the prior year, sampling the top ten customers, and reviewing the contracts and sales orders to evaluate the influence on revenue recognition and assess the accounting treatment of related contracts is applied appropriately, performing a sample test on sales transactions that took place before and after the balance sheet date, reviewing the relevant documents, and assessing the accuracy of the timing of revenue recognition.

2. Assessment of accounts receivable impairment

Please refer to Note 4(g) “Financial Instruments” for accounting policy of assessment of accounts receivable impairment, Note 5(a) for accounting assumption, judgments and estimation uncertainty of assessment of accounts receivable impairment, and Note 6(c) for the disclosure of assessment of accounts receivable.

Description of key audit matter:

The Group's accounts receivable are mainly automobile component customers and are concentrated on certain specific customers. The impairment loss of accounts receivable assessment is based on management's subjective judgment. Thus, the assessment of accounts receivable impairment is one of the most important evaluations in performing our audit procedures.

How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include analyzing the aging of accounts receivable; sampling and reviewing the relevant documents as well as calculating the accuracy of the aging of accounts receivable; understanding and evaluating the management's consideration relating to overdue receivables, considering the receipt of cash after the year end, and understanding the possibility of remaining receivables collection. In addition, the reasonableness of the provision for impairment losses is understood and assessed based on the customer's historical receipt status, industrial economic condition, and the concentration of the credit risk.

3. Assessment of goodwill impairment

Please refer to Note 4(n) “Impairment of non-financial assets” for accounting policies, Note 5(b) for accounting assumptions, judgments and estimation uncertainty of assessment of goodwill impairment, and Note 6(m) for the intangible assets.

Description of key audit matter:

The Group's goodwill arising from the acquisition is significant. The assessment process of goodwill impairment requires identifying the cash-generating unit and the estimation of the future cash flow of the operation to determine the recoverable amount. We list the assessment as one of our key audit matters because it is significant uncertainty and contains the significant subjective judgment of the management.





How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include: assessing whether the cash-generating unit and its related tested assets that the management has identified to impair show possible signs of impairment and further understanding and testing the evaluation models and key assumptions such as future cash flow projections, use period and a weighted average cost of capital that the management use in the impairment test, and assessing the accuracy of previous management forecasts; and carrying out sensitivity analysis of results. In addition to the above assessment process, reviewing and assessing the reasonability of assumptions through the report of the assessment of impairment loss of goodwill provided by the evaluation expert; evaluating the qualifications and independence of the evaluator, and assessing whether the accounting policies for goodwill impairment test and other relevant information have been appropriately disclosed.

#### **Other Matter**

CUB ELECPARTS 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 with an Other Matter paragraph.

#### **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect 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.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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



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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng Hsueh, Chen and Tsu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)  
March 7, 2023

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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' 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' report and consolidated financial statements, the Chinese version shall prevail.



(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
CUB ELECPARTS 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 Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Total operating revenue (Notes 6(z) and 7)	\$ 3,957,949	100	4,080,435	100
5000	<b>Operating costs</b> (Notes 6(e), (m), (u), (aa), and 7)	<u>2,313,881</u>	<u>58</u>	<u>2,409,425</u>	<u>59</u>
	<b>Gross profit</b>	<u>1,644,068</u>	<u>42</u>	<u>1,671,010</u>	<u>41</u>
	<b>Operating expenses</b> (Notes 6(m), (u) and (aa)):				
6100	Selling expenses	298,081	8	286,243	7
6200	Administrative expenses	326,211	8	250,860	6
6300	Research and development expenses	548,152	14	506,176	12
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	<u>18,910</u>	<u>-</u>	<u>35,069</u>	<u>1</u>
		<u>1,191,354</u>	<u>30</u>	<u>1,078,348</u>	<u>26</u>
	<b>Operating income</b>	<u>452,714</u>	<u>12</u>	<u>592,662</u>	<u>15</u>
	<b>Non-operating income and expenses</b> (Note 6(ab)):				
7100	Interest income	19,750	-	4,460	-
7010	Other income	39,694	1	60,652	1
7020	Other gains and losses	163,473	4	(39,498)	(1)
7050	Finance costs (Note 6(r) and (s))	(41,019)	(1)	(32,076)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method (Note 6(f))	<u>-</u>	<u>-</u>	<u>(3,693)</u>	<u>-</u>
		<u>181,898</u>	<u>4</u>	<u>(10,155)</u>	<u>(1)</u>
7900	<b>Profit before income tax</b>	634,612	16	582,507	14
7950	Income tax expenses (Note 6(v))	<u>166,482</u>	<u>4</u>	<u>94,819</u>	<u>3</u>
	<b>Net profit</b>	<u>468,130</u>	<u>12</u>	<u>487,688</u>	<u>11</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(u))	2,734	-	1,127	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,734</u>	<u>-</u>	<u>1,127</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	25,299	-	(8,328)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>25,299</u>	<u>-</u>	<u>(8,328)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>28,033</u>	<u>-</u>	<u>(7,201)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 496,163</u>	<u>12</u>	<u>480,487</u>	<u>11</u>
	<b>Profit attributable to:</b>				
8610	Owners of the parent	629,723	16	515,928	12
8620	Non-controlling interests	<u>(161,593)</u>	<u>(4)</u>	<u>(28,240)</u>	<u>(1)</u>
		<u>\$ 468,130</u>	<u>12</u>	<u>487,688</u>	<u>11</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	652,740	16	508,974	12
8720	Non-controlling interests	<u>(156,577)</u>	<u>(4)</u>	<u>(28,487)</u>	<u>(1)</u>
		<u>\$ 496,163</u>	<u>12</u>	<u>480,487</u>	<u>11</u>
	<b>Earnings per share (NT dollar)</b> (Note 6(y))				
9750	<b>Basic earnings per share</b>	<u>\$ 4.70</u>		<u>4.23</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 4.62</u>		<u>4.23</u>	

See accompanying notes to consolidated financial statements.

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

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings						Total other equity interest			
	Unappropriated retained earnings						Exchange differences on translation of foreign financial statements			
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Non-controlling interests	Total	Non-controlling interests	Total	Total equity
\$ 1,219,166	559,889	793,838	65,457	457,603	1,316,898	511,991	3,056,757	511,991	3,568,748	
-	-	-	-	515,928	515,928	(28,240)	515,928	(28,240)	487,688	
-	-	-	-	1,198	1,198	(247)	(8,152)	(247)	(7,201)	
-	-	-	-	517,126	517,126	(28,487)	508,974	(28,487)	480,487	
Appropriation and distribution of retained earnings:										
Legal reserve	-	17,727	-	(17,727)	-	-	-	-	-	-
Special reserve	-	-	(26,261)	26,261	-	-	-	-	-	-
Stock dividends of ordinary share	-	-	-	(146,300)	(146,300)	(448)	(146,300)	(448)	(146,748)	
Other changes in capital surplus:										
Expenses of share option	-	30,785	-	-	-	-	30,785	-	30,785	
The difference in net equity resulting from the subscription of new shares not in proportion	-	75,546	-	-	-	-	75,546	(75,546)	-	
Change in non-controlling interests	-	-	-	-	-	-	-	727,751	727,751	
<b>Balance at December 31, 2021</b>	<b>\$ 1,219,166</b>	<b>666,220</b>	<b>811,565</b>	<b>39,196</b>	<b>1,687,724</b>	<b>1,135,261</b>	<b>3,525,762</b>	<b>1,135,261</b>	<b>4,661,023</b>	
<b>Balance at January 1, 2022</b>										
Profit (loss) for the period	\$ 1,219,166	666,220	811,565	39,196	1,687,724	1,135,261	3,525,762	1,135,261	4,661,023	
Other comprehensive income for the period	-	-	-	-	629,723	(161,593)	629,723	(161,593)	468,130	
Total comprehensive income for the period	-	-	-	-	2,342	5,016	20,675	23,017	28,033	
Appropriation and distribution of retained earnings:	-	-	-	-	632,065	(156,577)	652,740	(156,577)	496,163	
Legal reserve	-	-	51,712	-	(51,712)	-	-	-	-	
Special reserve	-	-	-	8,151	(8,151)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(121,917)	(121,917)	-	(121,917)	-	(121,917)	
Stock dividends of ordinary share	121,916	-	-	(121,916)	(121,916)	-	-	-	-	
Other changes in capital surplus:										
Expenses of share option	-	27,862	-	-	-	-	27,862	-	27,862	
Due to recognition of equity component of convertible bonds is issued	-	45,313	-	-	-	-	45,313	-	45,313	
The difference in net equity resulting from the subscription of new shares not in proportion	-	(34,363)	-	-	-	-	(34,363)	34,363	-	
Change in non-controlling interests	-	-	-	-	-	-	-	58,648	58,648	
<b>Balance at December 31, 2022</b>	<b>\$ 1,341,082</b>	<b>705,032</b>	<b>863,277</b>	<b>47,347</b>	<b>2,075,956</b>	<b>1,071,695</b>	<b>4,095,397</b>	<b>1,071,695</b>	<b>5,167,092</b>	

Balance at January 1, 2021

Profit (loss) for the period

Other comprehensive income for the period

Total comprehensive income for the period

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Stock dividends of ordinary share

Other changes in capital surplus:

Expenses of share option

The difference in net equity resulting from the subscription

of new shares not in proportion

Change in non-controlling interests

Balance at December 31, 2021

Balance at January 1, 2022

Profit (loss) for the period

Other comprehensive income for the period

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends of ordinary share

Stock dividends of ordinary share

Other changes in capital surplus:

Expenses of share option

Due to recognition of equity component of convertible

bonds is issued

The difference in net equity resulting from the subscription

of new shares not in proportion

Change in non-controlling interests

Balance at December 31, 2022

See accompanying notes to consolidated financial statements.

## CUB ELECPARTS INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 634,612	582,507
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	199,852	192,409
Amortization expense	62,355	43,723
Impairment loss determined in accordance with IFRS 9	18,910	35,069
Net gain on financial assets or liabilities at fair value through profit or loss	(279)	-
Interest expense	41,019	32,076
Interest income	(19,750)	(4,460)
Share-based payments	27,862	30,785
The losses of inventory write-down, disposal, and obsolescence	76,062	33,162
Share of loss of associates and joint ventures accounted for using equity method	-	3,693
Losses (gains) on disposals of property, plant and equipment	278	(471)
Losses (gains) on disposals of intangible assets	10	(233)
Gains on disposals of investments	-	(1,707)
Gain on lease modifications	-	(6)
<b>Total adjustment</b>	<b>406,319</b>	<b>364,040</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease in contract assets	319,164	186,756
Decrease (increase) in notes receivable	82,308	(64,527)
Increase in notes receivable (including related parties)	(72)	-
Increase in accounts receivable (including related parties)	(7,553)	(275,882)
Decrease in other receivables	3,684	36,183
Increase in inventories	(145,930)	(279,636)
Decrease in other current assets	64,561	258,132
<b>Net changes in operating assets</b>	<b>316,162</b>	<b>(138,974)</b>
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(3,381)	139,875
Increase in notes payable	9,549	109
Decrease in accounts payable (including related parties)	(159,274)	(47,399)
Increase (decrease) in other payables (including related parties)	46,402	(5,426)
Increase in provisions	38,927	3,370
Increase (decrease) in other current liabilities	3,872	(67,686)
Decrease in defined benefit liabilities	(3,181)	(1,644)
<b>Net changes in operating liabilities</b>	<b>(67,086)</b>	<b>21,199</b>
<b>Total changes in operating assets and liabilities</b>	<b>249,076</b>	<b>(117,775)</b>
<b>Total adjustments</b>	<b>655,395</b>	<b>246,265</b>
Cash inflows generated from operations	1,290,007	828,772
Interest received	15,812	5,266
Interest paid	(40,982)	(32,336)
Income taxes paid	(109,554)	(67,471)
<b>Net cash flows from operating activities</b>	<b>1,155,283</b>	<b>734,231</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of subsidiaries (deducted the cash received)	-	(55,979)
Acquisition of property, plant and equipment	(330,460)	(563,117)
Proceeds from disposal of property, plant and equipment	2,358	15,229
Increase in refundable deposits	(504,103)	(101,583)
Acquisition of intangible assets	(25,059)	(48,702)
Proceeds from disposal of intangible assets	-	239
Acquisition of investment properties	-	(135)
Decrease in other financial assets	11,638	43,183
Increase in prepayment for equipment	(38,846)	(20,179)
<b>Net cash flows used in investing activities</b>	<b>(884,472)</b>	<b>(731,044)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	8,078,508	9,593,192
Decrease in short-term borrowings	(9,592,121)	(8,899,828)
Proceeds from issuing bonds	1,300,952	-
Proceeds from long-term borrowings	235,625	845,000
Repayments of long-term borrowings	(367,042)	(796,668)
Decrease in guarantee deposits received	(677)	(901)
Payments of lease liabilities	(18,537)	(11,526)
Cash dividends paid	(121,917)	(146,748)
Issuance of shares for cash	58,648	516,635
<b>Net cash (outflows) inflows form financing activities</b>	<b>(426,561)</b>	<b>1,099,156</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>18,631</b>	<b>4,680</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(137,119)</b>	<b>1,107,023</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,301,133</b>	<b>1,194,110</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,164,014</b>	<b>2,301,133</b>

See accompanying notes to consolidated financial statements.

# CUB ELECTRIC PARTS INC.

## Earnings Distribution Schedule

2022

Unit: NTD \$

Item	Amount
Undistributed retained earnings at the beginning of the period	\$ 533,265,911
Add: net profit after tax for the year	629,723,119
Add: Decreased reversed special reserve set aside with deductions from equity	20,672,993
Add: Remeasurement of defined benefit plans	2,342,338
Less: Provision of 10% of legal reserve	63,206,546
Earnings available for distribution	\$ 1,122,797,815
Distributable items:	
Shareholders' bonuses - cash dividends (NT\$2.3 per share)	308,483,901
Shareholders' bonuses - stock dividends (NT\$0.5 per share)	67,061,720
Undistributed earnings at end of term	\$ 747,252,194
Note: Distributed up to NT\$1, with an amount less than NT\$! rounded off.	

Note 1: Priority is given to the 2022 earnings for distribution

Chairman: Yu San-Chuan



President: Yu San-Chuan



Head of Accounting: Liu Wan-Hua



## CUB ELECPARTS INC.

## Comparison of amended provisions of the Procedures of the Board of Directors

Before amendment	After amendment	Description of amendment
<p>5. Operation contents:</p> <p>5.1. The meeting of Board of Directors shall be convened at least once every quarter.</p> <p>In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. But the Board meeting may be convened at any time in case of emergency.</p> <p>The notice set forth in the preceding Paragraph may be sent to each director by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p> <p>5.5 Unless there is the sudden emergency or justifiable reason, the matters mentioned in the first paragraph shall be listed in the subjects to be discussed at the meeting, and shall not be put forward in the way of extempore motions.</p>	<p>5. Operation contents:</p> <p>5.1. The meeting of Board of Directors shall be convened at least once every quarter.</p> <p>In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. But the Board meeting may be convened at any time in case of emergency-</p> <p>The notice set forth in the preceding Paragraph <del>may</del> be sent to each director by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p> <p><del>5.5 Unless there is the sudden emergency or justifiable reason,</del> the matters mentioned in the first paragraph shall be listed in the subjects to be discussed at the meeting, and shall not be put forward in the way of extempore motions.</p>	<p>It is handled in accordance with the Jin-Kuan-Zheng-Fa No. 1110383263 letter issued by the Financial Supervision Commission on August 5, 2022.</p>
<p>5.5. The following subjects shall be submitted to the Board of</p>	<p>5.5. The following subjects shall be submitted to the Board</p>	<p>It is handled in accordance with the</p>

<p>Directors for discussion:</p> <p>5.5.1. Corporate business plan.</p> <p>5.5.2. Annual financial reports and, where subject to the requirement of audit and attestation by a certified public accountant, semi-annual financial reports.</p> <p>5.5.3. Adoption of or amendment to an internal control system pursuant to Article 14-1 of Securities and Exchange Act.</p> <p>5.5.4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>5.5.5. The offering, issuance, or private placement of any equity-type securities.</p> <p>5.5.6. The appointment or dismissal of a financial, accounting, or internal auditing officer.</p> <p>5.5.7. A donation to a related party or a major donation to a non-related party. However, a</p>	<p>of Directors for discussion:</p> <p>5.5.1. Corporate business plan.</p> <p>5.5.2. Annual financial reports and, where subject to the requirement of audit and attestation by a certified public accountant, semi-annual financial reports.</p> <p>5.5.3. Adoption of or amendment to an internal control system pursuant to Article 14-1 of Securities and Exchange Act.</p> <p>5.5.4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>5.5.5. The offering, issuance, or private placement of any equity-type securities.</p> <p>5.5.6. If the Board of Directors does not have managing directors, this position shall be appointed or dismissed by Chairman.</p> <p>5.5.7. The appointment or dismissal of a financial,</p>	<p>Jin-Kuan-Zheng-Fa No. 1110383263 letter issued by the Financial Supervision Commission on August 5, 2022.</p>
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<p>public-interest donation of disaster relief for a major natural disaster may be submitted to the next subsequent board of directors meeting for retroactive recognition.</p> <p>5.5.8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to board of directors, or any such significant matter as may be prescribed by the competent authority.</p> <p>5.5.7. The term "related party" refers to the related party defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; The term "the major donation to non-related parties" refers to the donation for which the amount of any individual donation or the accumulated amount for donation to the same object in one year reaches more than NT\$ 100 million, or reaches "1%" of the net operating income or more than 5%</p>	<p>accounting, or internal auditing officer.</p> <p>5.5.8. A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the next subsequent board of directors meeting for retroactive recognition.</p> <p>5.5.9. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to board of directors, or any such significant matter as may be prescribed by the competent authority.</p> <p>5.5.78. The term "related party" refers to the related party defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; The term "the major donation to non-related parties" refers to the donation for which the amount of any individual donation or</p>	
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<p>of the paid-in capital in the financial report certified by CPAs in the most recent year. (If the shares of a foreign company have no par value or the par value per share is not NT\$ 10, the 5% of the paid-in capital in this paragraph shall be calculated as 2.5% of the shareholders' equity.)</p> <p>The term "within one year" mentioned in the preceding paragraph refers to counting back one year from the date of convening date of this meeting of Board of Directors. Items that have been approved by resolution of Board of Directors are no longer included in it.</p> <p>If the Company has independent directors, the independent director shall attend in person or entrust other independent director to attend the meeting of Board of Directors on behalf of him/her, for resolution of the matters required to be put up for resolution by the board of directors. When an independent director has a dissenting opinion or qualified</p>	<p>the accumulated amount for donation to the same object in one year reaches more than NT\$ 100 million, or reaches "1%" of the net operating income or more than 5% of the paid-in capital in the financial report certified by CPAs in the most recent year. (If the shares of a foreign company have no par value or the par value per share is not NT\$ 10, the 5% of the paid-in capital in this paragraph shall be calculated as 2.5% of the shareholders' equity.)</p> <p>The term "within one year" mentioned in the preceding paragraph refers to counting back one year from the date of convening date of this meeting of Board of Directors. Items that have been approved by resolution of Board of Directors are no longer included in it.</p> <p>If the Company has independent directors, the independent director shall attend in person or entrust other independent director to attend the meeting of Board of</p>	
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<p>opinion, it shall be noted in the minutes of board of directors' meeting. If the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion beforehand unless there are justified reasons not to do so. The written opinion furthermore shall be noted in the minutes of the board of directors' meeting.</p> <p>The directors of the Company shall be provided with appropriate and timely information in a form and quality sufficient to enable the directors to make decisions and perform their duties as directors with relevant information.</p>	<p>Directors on behalf of him/her, for resolution of the matters required to be put up for resolution by the board of directors. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of board of directors' meeting. If the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion beforehand unless there are justified reasons not to do so. The written opinion furthermore shall be noted in the minutes of the board of directors' meeting.</p> <p>The directors of the Company shall be provided with appropriate and timely information in a form and quality sufficient to enable the directors to make decisions and perform their duties as directors with relevant information.</p>	
<p>5.17. If the Board of Directors have managing directors, to procedures for managing directors' meeting, the scope specified in this measure, Item 2 of 5.1, 5.2-5.4, 5.7.</p>	<p>5.17. If the Board of Directors have managing directors, to procedures for managing directors' meeting, the scope specified in this</p>	<p>It is handled in accordance with the Jin-Kuan-Zheng-Fa No. 1110383263 letter issued by the Financial Supervision</p>

<p>and 5.9 to 5.16 shall apply. However, if the managing directors' meeting is convened regularly within 7 days, the managing directors may be notified no later than 2 days prior to the scheduled meeting date.</p>	<p>measure, Item 2 of 5.1, 5.2-5.4, 5.7. and 5.9 to preceding Paragraph of 5.16 shall apply; to appointment or dismissal of Chairman, Item 4 of 5.1 shall apply. However, if the managing directors' meeting is convened regularly within 7 days, the managing directors may be notified no later than 2 days prior to the scheduled meeting date.</p>	<p>Commission on August 5, 2022.</p>
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## CUB ELECPARTS INC.

## Comparison of amended provisions of the Articles of Incorporation

Before amendment	After amendment	Description of amendment
<p>Article 17</p> <p>The Company shall have five to seven directors, whose selection is based on the candidate nomination system. The number of directors is authorized to be determined by the Board of Directors for a term of three years from among persons capable of conduct and they shall be eligible for re-election. After the election, the Board of Directors may resolve to purchase liability insurance for the Company's directors.</p> <p>The total shareholding of all directors shall be in accordance with the regulations of the competent securities authorities.</p> <p>The Company's directors are elected by the single cumulative registered voting system and the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. If there is a need to amend the method, the amendment shall be made in accordance with Article 172 of the Company Act, and the comparison of amended provisions of the method shall be listed in the causes and subjects of the shareholders' meeting.</p>	<p>Article 17</p> <p>The Company shall have 5~11 directors, whose selection is based on the candidate nomination system. The number of directors is authorized to be determined by the Board of Directors for a term of three years from among persons capable of conduct and they shall be eligible for re-election. After the election, the Board of Directors may resolve to purchase liability insurance for the Company's directors.</p> <p>The total shareholding of all directors shall be in accordance with the regulations of the competent securities authorities.</p> <p>The Company's directors are elected by the single cumulative registered voting system and the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. If there is a need to amend the method, the amendment shall be made in accordance with Article 172 of the Company Act, and the comparison of amended provisions of the method shall be listed in the causes and subjects of the shareholders' meeting.</p>	<p>In accordance with “” Article 4 of “Directions for Compliance with the Establishment of Board of Directors’ Exercise of Powers”, the attendance of directors is amended</p>

<p>Article 32</p> <p>The Articles were established on January 5, 1989.</p> <p>The 1st amendment was made on February 15, 1990.</p> <p>The 2nd amendment was made on December 23, 1991.</p> <p>The 3rd amendment was made on November 10, 1993.</p> <p>The 4th amendment was made on July 1, 2004.</p> <p>The 5th amendment was made on August 29, 2004.</p> <p>The 6th amendment was made on October 26, 2004.</p> <p>The 7th amendment was made on May 27, 2005.</p> <p>The 8th amendment was made on December 15, 2005.</p> <p>The 9th amendment was made on June 28, 2006.</p> <p>The 10th amendment was made on May 28, 2007.</p> <p>The 11th amendment was made on October 23, 2007.</p> <p>The 12th amendment was made on October 23, 2007.</p> <p>The 13th amendment was made on May 28, 2008.</p> <p>The 14th amendment was made on November 28, 2008.</p> <p>The 15th amendment was made on June 10, 2009.</p> <p>The 16th amendment was made on June 25, 2010.</p> <p>The 17th amendment was made on June 25, 2010.</p> <p>The 18th amendment was made on June 19, 2012.</p>	<p>Article 32</p> <p>The Articles were established on January 5, 1989.</p> <p>The 1st amendment was made on February 15, 1990.</p> <p>The 2nd amendment was made on December 23, 1991.</p> <p>The 3rd amendment was made on November 10, 1993.</p> <p>The 4th amendment was made on July 1, 2004.</p> <p>The 5th amendment was made on August 29, 2004.</p> <p>The 6th amendment was made on October 26, 2004.</p> <p>The 7th amendment was made on May 27, 2005.</p> <p>The 8th amendment was made on December 15, 2005.</p> <p>The 9th amendment was made on June 28, 2006.</p> <p>The 10th amendment was made on May 28, 2007.</p> <p>The 11th amendment was made on October 23, 2007.</p> <p>The 12th amendment was made on October 23, 2007.</p> <p>The 13th amendment was made on May 28, 2008.</p> <p>The 14th amendment was made on November 28, 2008.</p> <p>The 15th amendment was made on June 10, 2009.</p> <p>The 16th amendment was made on June 25, 2010.</p> <p>The 17th amendment was made on June 25, 2010.</p> <p>The 18th amendment was made on June 19, 2012.</p>	<p>This amendment date is added</p>
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<p>The 19th amendment was made on June 17, 2014.</p> <p>The 20th amendment was made on August 18, 2015.</p> <p>The 21st amendment was made on January 8, 2016.</p> <p>The 22nd amendment was made on June 13, 2017.</p> <p>The 23rd amendment was made on April 17, 2019.</p>	<p>The 19th amendment was made on June 17, 2014.</p> <p>The 20th amendment was made on August 18, 2015.</p> <p>The 21st amendment was made on January 8, 2016.</p> <p>The 22nd amendment was made on June 13, 2017.</p> <p>The 23rd amendment was made on April 17, 2019.</p> <p>The 24th amendment was made on May 24, 2023</p>	
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## Procedures of the Board of Directors [before amendment]

6. Purpose: To create a sound Board of Directors governance system with normal supervisory function and reinforced management mechanisms. The Procedures were hence amended in accordance with Article 2 of “Procedures of the Board of Directors of Public Offering Companies”, to be followed.
7. Scope: The main agenda items, operational procedures, required content of meeting minutes, public announcements, laws, regulations and other compliance requirements for Procedures of the Board of Directors of the Company shall be handled in accordance with the Procedures.
8. Definition: None.
9. Flowchart: None.
10. Operation contents:
  - 10.1. The meeting of Board of Directors shall be convened at least once every quarter.  
In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. But the Board meeting may be convened at any time in case of emergency. And all directors shall be notified by means of electronic transmission.  
5.5 Unless there is the sudden emergency or justifiable reason, the matters mentioned in the first paragraph shall be listed in the subjects to be discussed at the meeting, and shall not be put forward in the way of extempore motions.
  - 10.2. The meeting of the Board of Directors shall be convened at the Company's location and office hours, or at a place and time convenient for directors to attend and suitable for the convening of the meeting.
  - 10.3. The unit designated by the Board of Directors of the Company to be responsible for agenda is the Finance Department of the Company.  
Prior to convening a board of directors’ meeting, the unit responsible for agenda shall develop agenda contents and provide the directors with sufficient information on the meeting agenda together with the meeting notice.  
If a director reckons that the meeting information is inadequate, he or she may ask the unit in-charge of the board of directors’ meeting to supplement with more information. And the unit in-charge of the board of directors’ meeting shall provide them within 7 days. If a director considers that the information on the relevant motion or measure is inadequate, the deliberation of the motion or measure may be postponed with the consent of the board of directors.
  - 10.4. The contents of the regular meeting of Board of Directors of the Company shall at least include the following matters:
    - 10.4.1. Report:
      - 10.4.1.1. Meeting minutes and execution of the last meeting of Board of Directors.
      - 10.4.1.2. Important financial business report.
      - 10.4.1.3. Internal audit business report.

- 10.4.1.4. Report of other important matters
  - 10.4.2. Discussion:
    - 10.4.2.1. Discussions reserved at the last meeting of Board of Directors.
    - 10.4.2.2. Discussions at this meeting of Board of Directors.
  - 10.4.3. Extempore motions.
  - 10.5. The following subjects shall be submitted to the Board of Directors for discussion:
    - 10.5.1. Corporate business plan.
    - 10.5.2. Annual financial reports and, where subject to the requirement of audit and attestation by a certified public accountant, semi- annual financial reports.
    - 10.5.3. Adoption of or amendment to an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
    - 10.5.4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
    - 10.5.5. The offering, issuance, or private placement of any equity-type securities.
    - 10.5.6. The appointment or dismissal of a financial, accounting, or internal auditing officer.
    - 10.5.7. A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the next subsequent board of directors meeting for retroactive recognition.
    - 10.5.8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to board of directors, or any such significant matter as may be prescribed by the competent authority.
- 5.5.7. The term "related party" refers to the related party defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; The term "the major donation to non-related parties" refers to the donation for which the amount of any individual donation or the accumulated amount for donation to the same object in one year reaches more than NT\$ 100 million, or reaches "1%" of the net operating income or more than 5% of the paid-in capital in the financial report certified by CPAs in the most recent year. (If the shares of a foreign company have no par value or the par value per share is not NT\$ 10, the 5% of the paid-in capital in this paragraph shall be calculated as 2.5% of the shareholders' equity.)
- The term "within one year" mentioned in the preceding paragraph refers to counting back one year from the date of convening date of this meeting of Board of Directors. Items that have been approved by resolution of Board of Directors are no longer included in it.
- If the Company has independent directors, the independent director shall attend in person or entrust other independent director to attend the meeting of Board of Directors on behalf of him/her, for resolution of the matters required to be put up for resolution by the board of



directors. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of board of directors' meeting. If the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion beforehand unless there are justified reasons not to do so. The written opinion furthermore shall be noted in the minutes of the board of directors' meeting.

10.5.9. The directors of the Company shall be provided with appropriate and timely information in a form and quality sufficient to enable the directors to make decisions and perform their duties as directors with relevant information.

10.6. Except for the matters that should be submitted for discussion by the Board of Directors in Paragraph 1 of 5.5., if the Board of Directors is authorized to exercise the functions and powers of the Board of Directors according to laws or the Articles of Incorporation, the level, contents or matters for authorization shall be stated specifically.

During the adjournment, the Board of Directors of the Company authorizes the chairman to exercise the functions and powers of the Board of Directors according to laws and regulations or the Articles of Incorporation of the Company. The authorized contents or items are as follows:

10.6.1. Convene the meeting of Board of Directors and implement its resolutions.

10.6.2. Examine and approve budget.

10.6.3. Review important contracts.

10.6.4. Approve loans.

10.6.5. Authorize the Chairman to approve matters in accordance with the provisions of the Company's approval authority or other management measures.

10.7. When convening a Board of Directors' meeting, an autograph book shall be provided for the attended directors to sign in, for check and reference.

Directors shall attend the Board of Directors' meeting in person. If they are unable to attend in person, they may entrust other directors to attend on behalf them according to the Articles of Incorporation. Directors who attend the meeting by video conferencing are deemed as having attended in person.

In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding two Paragraphs of one other director only.

10.8. If the Board of Directors' meeting is convened by Chairman, the Chairman shall serve as the chair. If the Board of Directors' meeting is convened by more than half of the directors in accordance with Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Act, the directors shall elect one person among themselves to serve as the chair.

In case the chairman of the board of directors is on leave or absent or can not exercise his

power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing director, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

- 10.9. When the Company convenes a Board of Directors' meeting, it may notify the personnel of relevant departments or subsidiaries to attend as nonvoting participants depending on the contents of the proposal.

When necessary, CPAs, lawyers or other professionals may also be invited to attend the meeting as nonvoting participants, which shall be stated. However, these personnel shall leave the meeting when discussing and voting.

- 10.10. If more than half of the directors are absent from the meeting at the scheduled meeting time, the chair may announce the postponement of the meeting, and the number of postponements shall be limited to two times. If number of attended directors are still not enough after two postponements, the chair may reconvene the meeting according to the procedure specified in 5.1.

Number of all directors mentioned in the preceding paragraph and 5.15.11. shall refers to the actual number of persons currently holding those positions.

- 10.11. The Board of Directors' meeting shall be carried out based on the contents arranged by the meeting notice. However, it may be changed with the consent of more than half of the attended directors.

Regarding the contents arranged by preceding Paragraph and extempore motions, the chair shall not declare adjournment without the consent of more than half of the attended directors.

During the Board of Directors' meeting, if the attended directors are less than half of the directors who shall attend, the chair shall announce the suspension of the meeting upon the proposal of the attended directors. To this, provisions of 5.10. shall apply.

- 10.12. When the chair considers that the discussion of the proposal at the Board of Directors' meeting is enough for voting, he/she may announce that the discussion is stopped and submitted for voting.

During voting of proposals at Board of Directors' meeting, if the chair solicits the all attending directors and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote.

If the chair solicits the all attending directors and receives dissents, the dissents shall be submitted for voting.

The voting method shall be decided by the chair choosing one of the following methods, but if the participants have any objection, the chair shall seek the opinions of the majority to decide it:

- 10.12.1. Voting by a show of hands or a voter.

10.12.2. Voting by roll call.

10.12.3. Voting by ballot.

10.12.4. Voting decided by the Company.

The term "all attended directors" mentioned in the preceding two paragraphs does not include directors who are not allowed to exercise voting rights according to 5.14.

10.13. Unless otherwise provided for in the Securities and Exchange Act and Company Act, resolutions of proposals at Board of Directors' meeting shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

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

If it is necessary for arranging vote monitoring and counting personnel for the voting on a proposal, they shall be appointed by the chair, provided that all monitoring personnel shall be directors of the Company.

The outcome of a vote at the audit committee meeting shall be reported on the spot and be recorded accordingly.

10.14. If a director has a personal interest or legal person (represented by he/she) interest in any agenda item, the director shall explain the essential content of the interest at that meeting of Board of Directors. When it is harmful to the interests of the Company, the director may not take part in the discussions or cast a vote and shall enter recusal during discussion and voting. In addition, the director may not exercise voting rights on behalf of any other director.

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

In accordance with Paragraph 4 of Article 206 of Company Act, to the resolutions of the Board of Directors, Paragraph 2 of Article 180 shall apply, regarding the directors who are not allowed to exercise voting rights according to regulations.

10.15. The agenda at meeting of the Board of Directors shall be recorded in minutes, which shall include the following matters in detail:

10.15.1. Session (or year) and time and place of the meeting.

10.15.2. Name of chair.

10.15.3. Attendance of directors, including names and numbers of directors who attended, asked for leave and was absent.

10.15.4. Names and titles of personnel who attended as nonvoting participants.

10.15.5. Name of the recorder.

10.15.6. Report.

10.15.7. Discussions: resolution methods and results of various proposals, summaries of

speeches made by directors, experts and other personnel, names of directors who are interested, descriptions of important contents of interest, reasons for recusal or non-recusal for them, recusal situation according to the 5.14., and objections or qualified opinions that are on record or stated in a written statement, with the written opinions issued by independent directors according to Paragraph 4 of 5.5.8.

10.15.8. Extempore motions: name of raising the proposal, resolution methods and results of various proposals, summaries of speeches made by directors, experts and other personnel, names of directors who are interested, descriptions of important contents of interest, reasons for recusal or non-recusal for them, recusal situation according to the 5.14., and objections or qualified opinions that are on record or stated in a written statement.

10.15.9. Other details to be documented.

In case of any of the following matters, the resolutions at the Board of Directors' meeting shall not only be stated in the minutes, and but announced and reported on the information reporting website designated by the competent authority within two days from the date of the Board of Directors' meeting:

10.15.10. Independent directors have objections or qualified opinions that are on record or stated in a written statement.

10.15.11. If the Company set an audit committee, matters that have not been approved by the audit committee shall be agreed by more than two thirds of all directors.

The autograph book of the Board of Directors is a part of the minutes and shall be properly kept during the existence of the Company.

The minutes shall be signed or sealed by chair and recorder and be distributed to each director within 20 days after the meeting and the minutes shall be well preserved as important company records during the existence of the company.

The preparation and distribution of the minutes may be made by means of electronic transmission.

10.16. The Company shall record or video the whole meeting of the Board of Directors and electronically keep it for at least five years.

Before the expiration of the retention period referred to in the preceding paragraph, in case of litigation concerning resolutions of the Board of Directors, the relevant audio or video recording materials shall be kept until termination of litigation.

For personnel who attend the meeting by video conferencing, their audio and video recordings of meeting are part of the minutes and shall be kept permanently.

10.17. If the Board of Directors have managing directors, to procedures for managing directors' meeting, the scope specified in this measure, Item 2 of 5.1, 5.2-5.4, 5.7. and 5.9 to 5.16 shall apply. However, if the managing directors' meeting is convened regularly within 7 days, the managing directors may be notified no later than 2 days prior to the scheduled meeting date.

10.18. The Company does not have a Corporate Governance Supervisor, so the President's Office of

the Company is responsible for handling the matters required by the directors and resolve these matters as soon as possible within 7 days in the principle of assisting the directors in performing their duties immediately and effectively.

10.19. Adoption of or amendment of the Procedures shall be approved by the Board of Directors of the Company and submitted to the Shareholders' Meeting for report.

11. Attachment: None.

## Article of Incorporation [before amendment]

### Chapter 1. General Provisions

- Article 1: The Company is organized in accordance with the provisions of the Company Act and is named CUB ELECPARTS INC.
- Article 2: The business of the Company is as follows:
- I. CD01030 Motor Vehicles and Parts Manufacturing
  - II. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
  - III. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
  - IV. F401010 International Trade
  - V. I501010 Product Designing
  - VI. CC01080 Electronics Components Manufacturing
  - VII. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
  - VIII. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
  - IX. CD01040 Motorcycles and Parts Manufacturing
  - X. CD01990 Other Transport Equipment and Parts Manufacturing
  - XI. CC01070 Wireless Communication Mechanical Equipment Manufacturing
  - XII. CD01010 Ships and Parts Manufacturing
  - XIII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The total amount of the Company's external investments may exceed 40% of the paid-in capital for business purposes.
- Article 4: The Company may, with the approval of the Board of Directors, provide an endorsement or guarantee externally for the Company's business needs.
- Article 5: The Company shall have its head office in Changhua County and, if necessary, may establish domestic and foreign branch companies by resolution of the Board of Directors.

## Chapter 2. Share

- Article 6: The total capital of the Company shall be fixed at NT\$ billion, divided into 200 million shares, all of which shall be common shares in the amount of NT\$10 each, of which unissued shares are authorized to be issued by the Board of Directors in installments. Of these shares, 10 million shares are reserved for the exercise of stock option warrants, preferred shares with warrants or corporate bonds with warrants.
- The Board of Directors is authorized to repurchase the Company's shares when the Company is legally required to do so by law.
- Article 6-1: In the event that the Company transfers shares to employees at a price lower than the average price of the shares actually repurchased or issues employee stock options at a price lower than the market price (net worth per share), approval should be required with the presence of shareholders representing a majority of the total number of issued shares, and two-thirds or more of the shareholders present in favor of such transfer.
- Article 7: The shares issued by the Company may be exempted from printing stocks, but the shares should be registered with the centralized securities depository institution.
- Article 8: The Company's shares may be exchanged for large denomination securities at the request of the Taiwan Depository and Clearing Corporation.
- Article 9: Except as otherwise provided by laws and regulations, the Company shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" when transferring shares, pledging, registering for loss, inheriting, bestowing as gifts, losing the seal, changing the address, etc. by the shareholders.

### **Chapter 3. Shareholders' Meeting**

- Article 10: The ownership transfer of shares shall cease within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.
- Article 11: There are two types of shareholders' meeting: regular and extraordinary. The regular meeting is held once a year and shall be convened by the Board of Directors in accordance with Article 172 of the Company Act within six months after the end of each fiscal year. A special meeting can be convened according to the law when necessary.
- Article 12: If a shareholder is unable to attend a shareholders' meeting for any reason, the "Rules Governing the Use of Proxy Forms for Attending Shareholders' Meetings of Public Companies" shall be followed.
- Article 13: The shareholders of the Company shall have one voting right per share, except for those who have no voting rights as listed in Article 179 of the Company Act.
- Article 14: The Chairperson of the Board of Directors should chair the shareholders' meeting. In the event that the Chairperson of the Board of Directors is absent from office, the Chairperson of the Board of Directors shall designate a person to act as his or her proxy; if no such designation is made, the directors shall elect a proxy from among themselves. If the shareholders' meeting is convened by someone with the convening right but other than the Board of Directors, the chair of the meeting shall be selected in accordance with the provisions of Article 182-1 of the Company Act.
- Article 15: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and other regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- During voting, if the chair solicits the attending shareholders and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. In accordance with the regulations of the competent authority, the shareholders of the Company may also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically are considered to be



present in person, and the relevant matters shall be handled in accordance with the provisions of laws and regulations.

Article 16: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting, and may be announced as such. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

#### **Chapter 4. Directors, Audit committee**

- Article 17: The Company shall have five to seven directors, whose selection is based on the candidate nomination system. The number of directors is authorized to be determined by the Board of Directors for a term of three years from among persons capable of conduct and they shall be eligible for re-election. After the election, the Board of Directors may resolve to purchase liability insurance for the Company's directors.
- The total shareholding of all directors shall be in accordance with the regulations of the competent securities authorities.
- The Company's directors are elected by the single cumulative registered voting system and the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. If there is a need to amend the method, the amendment shall be made in accordance with Article 172 of the Company Act, and the comparison of amended provisions of the method shall be listed in the causes and subjects of the shareholders' meeting.
- Article 17-1: The number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors among the aforesaid number of directors of the Company.
- The election of directors (including independent directors) of the Company shall be based on the candidate nomination system as stipulated in Article 192-1 of the Company Act, and the implementation of which shall be in accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations.
- The election of directors shall be conducted in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together and the number of elected seats shall be calculated separately, and those who receive more votes representing the voting right shall be elected sequentially as independent directors and non-independent directors respectively. The professional qualifications, restrictions on shareholding and concurrent employment, determination of independence, nomination and election of independent directors, and other matters to be complied with shall be in accordance with the relevant regulations of the competent securities authorities.

- Article 17-2: In calling a meeting of the Board of Directors of the Company, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. But the Board meeting may be convened at any time in case of emergency. Notice of a meeting of the Board of Directors may be given to the Directors in writing, by e-mail or by facsimile.
- Article 18: If the vacancy of directors reaches one-third of the number of seats, the Board of Directors shall convene a special shareholders' meeting within 60 days to hold a by-election, and the term of office of the succeeding director shall be limited to the original term of office.
- Article 19: In case no election of new directors is effected after the expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the Company to elect new directors within a given time limit; and if no re-election is effected after the expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.
- Article 20: The directors shall organize the Board of Directors' meeting and elect the Chairperson from among themselves with the presence of at least two-thirds of the directors and the consent of a majority of the directors present to execute all affairs of the Company in accordance with the regulations, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the Board of Directors' meeting.
- Article 21: The Board of Directors shall decide on the Company's business policies and other important matters. Except for the first meeting of the Board of Directors, which shall be convened in accordance with Article 203 of the Company Act, the Board of Directors shall be convened by the Chairperson of the Board of Directors, who shall be the chair of the Board meetings. If the Chairperson of the Board of Directors is unable to perform his or her duties, the Chairperson of the Board of Directors shall designate one of the directors to act on his or her behalf, or in the absence of such designation, the directors shall elect one among themselves to act on his or her behalf.
- Article 22: Unless otherwise provided in the Company Act, a majority of the directors shall

be present at a meeting of the Board of Directors, and the consent of a majority of the directors present shall be required. If for any reason a director is unable to attend a meeting of the Board of Directors, he or she may issue a proxy form stating the scope of authority for the causes and subjects of the meeting and appoint another director to attend the meeting on his or her behalf, provided that one person can only be entrusted by one person. In case a meeting of the Board of Directors is conducted via video conferencing, directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 23: Resolutions adopted at a Board meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting electronically. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

Article 24: The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors, and the audit committee or members of the audit committee shall be responsible for carrying out the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act, and other laws and regulations. The Supervisors shall be abolished at the same time as the Audit Committee is established.

Article 25: The remuneration of the Company's directors, no matter if the Company has profit or loss, is authorized to be determined by the Board of Directors based on their participation in the Company's operations and the value of their contributions, in accordance with industry practice and usual standards. The Company may set reasonable remuneration for independent directors that are different from that of regular directors.

## **Chapter 5. Managers**

Article 26: The Company may have managerial officers whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

## **Chapter 6. Accounting**

- Article 27: At the end of each fiscal year, the Board of Directors shall prepare the following reports and submit them to the Audit Committee for review before presenting them to the regular shareholders' meeting for adoption thirty days prior to the regular shareholders' meeting.
- (I) Business report.
  - (II) Financial statements.
  - (III) Earnings distribution or losses make-up proposal.
- Article 28: The net profits of the Company as concluded by the annual accounting book close, shall be distributed in the following order:
- I. Pay income tax in accordance with the law.
  - II. Make up for prior years' losses.
  - III. Set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital.
  - IV. Appropriate or reverse the special reserve as required by law or as necessary for its operations.
- Article 28-1: The Board of Directors shall, after deducting the preceding items, prepare a bonus distribution proposal to shareholders based on the remaining balance together with the accumulated undistributed earnings of prior years and submit it to the shareholders' meeting for resolution. Bonuses to shareholders ~~and employees~~ may be paid in the form of stock dividends or cash dividends.
- Not less than 2% and not more than 8% of the Company's profits before tax for the year, after making up for the accumulated losses, shall be appropriated as profit sharing remuneration to employees and not less than 1% and not more than 5% as profit sharing remuneration to directors. The Company is required to distribute employees' profit sharing remuneration when the Company makes profits, whether or not dividends are distributed to shareholders.
- The aforementioned employee profit sharing remuneration may be paid in shares (treasury stock, new shares) or cash to employees who meet certain criteria such as job rank and performance, and may be approved by the Board of Directors (by special resolution) and reported to the shareholders' meeting.
- Article 29: The Company is in a growth stage and based on capital expenditure, business expansion needs and sound financial planning for sustainable development, the Company's dividend policy is to distribute retained earnings to shareholders in the form of stock dividends and cash dividends based on the Company's future capital expenditure budget and capital requirements, with the cash dividend

percentage not less than 5% of the total shareholders' bonus.

Article 30: After the Company is publicly listed and intends to withdraw from the public offering, it shall submit the proposal to the shareholders meeting for resolution. This Article will not be amended during the Company's existence in the Emerging Stock Board and the TWSE or OTC market.

Article 31: All matters not provided for in these Articles of Incorporation shall be governed by the Company Law and other laws and regulations.

Article 32: The Articles were established on January 5, 1989.  
 The 1st amendment was made on February 15, 1990.  
 The 2nd amendment was made on December 23, 1991.  
 The 3rd amendment was made on November 10, 1993.  
 The 4th amendment was made on July 1, 2004.  
 The 5th amendment was made on August 29, 2004.  
 The 6th amendment was made on October 26, 2004.  
 The 7th amendment was made on May 27, 2005.  
 The 8th amendment was made on December 15, 2005.  
 The 9th amendment was made on June 28, 2006.  
 The 10th amendment was made on May 28, 2007.  
 The 11th amendment was made on October 23, 2007.  
 The 12th amendment was made on October 23, 2007.  
 The 13th amendment was made on May 28, 2008.  
 The 14th amendment was made on November 28, 2008.  
 The 15th amendment was made on June 10, 2009.  
 The 16th amendment was made on June 25, 2010.  
 The 17th amendment was made on June 25, 2010.  
 The 18th amendment was made on June 19, 2012.  
 The 19th amendment was made on June 17, 2014.  
 The 20th amendment was made on August 18, 2015.  
 The 21st amendment was made on January 8, 2016.  
 The 22nd amendment was made on June 13, 2017.  
 The 23rd amendment was made on April 17, 2019.

CUB ELECPARTS INC.



Chairperson: Yu, Shan-Chuan



## Rules of Procedure for Shareholder Meetings

1. Purpose: To establish a good governance system for the shareholders' meeting, to improve the supervisory function and to strengthen the management function of the Company, the Rules are established for compliance.
2. Scope: All matters relating to the convening of shareholders' meetings, speeches at shareholders' meetings, and procedures for conducting meetings shall be governed by the Rules.
3. Definition: None.
4. Flowchart: None.
5. Operation contents:
  - 5.1. The Company's rules of procedure for shareholders' meetings shall be in accordance with the Rules unless otherwise provided by law or the Articles of Incorporation and should be announced.  
The foregoing announcement shall be made on the information reporting website designated by the FSC.
  - 5.2. There are two types of shareholders' meeting: regular and extraordinary. The regular meeting is held once a year and shall be convened by the Board of Directors in accordance with Article 172 of the Company Act within six months after the end of each fiscal year. A special meeting can be convened according to the law when necessary.
  - 5.3. The entries in the shareholder roster referred to in the preceding Paragraph shall not be altered within 30 days prior to the convening date of a regular shareholders' meeting, or within 15 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits. After the public offering of the Company's shares, the Company shall suspend the transfer of shares within 60 days prior to the regular shareholders' meeting and within 30 days prior to the special shareholders' meeting.
  - 5.4. The shareholders shall be notified of the convening of the regular shareholders' meeting by notice of the shareholders' meeting 30 days in advance; the shareholders shall be notified of the convening of the special shareholders' meeting by notice of the shareholders' meeting 10 days in advance. After the public offering of the Company's shares, the Company shall prepare a handbook for the shareholders' meeting and notify the shareholders by sending a notice of the shareholders' meeting 30 days in advance. The meeting handbook and supplementary materials should be made available to shareholders at any time 15 days before the shareholders' meeting, and are exhibited on the premises of the Company and the professional stock affairs agency appointed by the Company, and are distributed on-site at the shareholders' meeting; shareholders shall be notified 15 days in advance of the convening of the special shareholders' meeting, and for shareholders holding less than 1,000 registered shares, the meeting shall be announced by means of a public post on the Market Observation Post System 15 days in advance. The Company shall send the shareholders' meeting handbook and supplementary information to the designated information reporting website as electronic files no later than 21



days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. However, if the Company has a paid-in capital of NT\$10 billion or more as of the end of the most recent fiscal year, or if the shareholding of foreign and Mainland shareholders as recorded in the shareholder roster for the regular shareholders' meeting in the most recent fiscal year has reached 30% or more, the electronic transmission of the aforementioned electronic file shall be completed 30 days before the convening of the regular shareholders' meeting. The causes or subjects of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders and in the announcement; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof. Matters related to election or dismissal of directors, change of articles of incorporation, dissolution, merger, or split of the Company, or matters under Article 185, Paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, Article 50-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed and described in the causes and subjects for the convening of the meeting, and shall not be proposed as an extempore motion.

Shareholders holding more than 1% of the total number of issued shares may submit a proposal to the Company for a regular shareholders' meeting. However, the number of items in the proposal is limited to one. Proposal containing more than one item will not be included in the meeting agenda.

In addition, when any of the circumstances of Paragraph 4 of Article 172-1 of the Company Act applies to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. In terms of procedures, the number of items in the proposals should be limited to one in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal with more than one item shall not be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

- 5.5. The location for a shareholders' meeting should 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. When the Company has independent directors, independent directors' opinions on the meeting location and time shall also be fully considered.

- 5.6. A shareholder may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a proxy form prepared and issued by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one proxy form and appoint one proxy only and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previously written proxy is made in the proxy, which comes later.

After the service of the proxy form of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person, a proxy rescission notice shall be filed with the Company at least two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue. Otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

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

The time at which shareholder attendance registrations will be accepted should be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted should be clearly marked and a sufficient number of suitable personnel should be assigned to handle the registrations.

Shareholders or their proxies (hereinafter referred to as the shareholders) should present attendance cards, sign-in cards, or other attendance certificates to attend a shareholders' meeting. The Company must not arbitrarily add requirements for other documents from the shareholders in support of their eligibility to attend. Solicitors seeking proxy forms should also bring identification documents for verification.

The Company should furnish a signature book for attending shareholders, or the attending shareholders may hand in a sign-in card instead.

The Company should furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker slips, voting ballots, and other meeting materials. Where there is an election of directors, election ballots should also be furnished.

When a shareholder is a government or a corporation, the number of representatives to attend the shareholders' meeting is not limited to one. When a corporation is entrusted to attend a shareholders' meeting, only one representative can be appointed to attend.

- 5.8. If a shareholders' meeting is convened by the Board of Directors, the Chairperson of the Board shall chair the meeting. In case the Chairperson is on leave or absent or can not exercise his

power and authority for any cause, the Vice Chairperson shall act on his behalf. In case there is no Vice Chairperson, or the Vice Chairperson is also on leave or absent or unable to exercise his power and authority for any cause, the Chairperson shall designate one of the managing directors, or where there are no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chairperson. A majority of the Board of Directors and at least one member of each functional committee shall be present at a shareholders' meeting called by the Board of Directors, and the attendance shall be recorded in the minutes of the shareholders' meeting.

If a shareholders' meeting is convened by someone with the convening right but other than the Board of Directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting. The Company may appoint lawyers, CPA, or related personnel to attend the shareholders' meeting.

- 5.9. Attendance in a shareholders' meeting should be calculated based on numbers of shares. The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

When a managing director or a director serves as chair, the 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 corporate director that serves as chair.

The chair should call the meeting to order at the scheduled meeting time, and at the same time, announce the number of shares with no voting rights and the number of shares present, etc. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements may be made for a combined total of no more than one hour. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted.

When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholders' meeting in accordance with Article 174 of the Company Act.

- 5.10. The Company, beginning from the time it accepts shareholder attendance registrations, should make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting processes.

The recorded materials of the preceding Paragraph should be kept for at least one year.

However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, they shall be kept until the end of the lawsuit

- 5.11. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting should proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provision referred to above is applicable even when the shareholders' meeting is convened by other than the Board of Directors *mutatis mutandis*.

The chair must not declare the meeting adjourned before the conclusion of the meeting agenda of the preceding two Paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. However, if the chair violates the rules of procedure and adjourns the meeting, the other members of the Board of Directors shall promptly assist the shareholders present in accordance with the legal procedures and a majority of the shareholders present may vote to elect a chair to continue the meeting.

The chair shall give sufficient explanation and opportunity to discuss the proposals and any amendments or extraordinary motions proposed by the shareholders, and when he/she is of the opinion that the motion is ready to be voted on, he/she may declare that the discussion is closed, and put to the vote.

- 5.12. Before speaking, an attending shareholder must specify the subject of the speech on a speaker slip, his or her shareholder account number (or attendance card number), and account name.

The order in which shareholders speak will be set by the chair.

An attending shareholder who has submitted a speaker 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 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 topic, the chair may terminate the speech or declare the discussion closed, and proceed with other agenda or procedures.

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

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

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

- 5.13. The Company's shareholders have one voting right per share. The shares shall have no voting power under any of the following circumstances:

- 5.13.1. The share(s) of a company that are held by the issuing company itself in accordance with the laws;

- 5.13.2. The shares of a holding company that are held by its subordinate company, where the total number of voting shares or total shares equity held by the holding company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of such a subordinate company; or
- 5.13.3. The shares of a holding company and its subordinate company(ies) that are held by another company, where the total number of the shares or total shares equity of that company held by the holding company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.
- 5.14. Resolution at a shareholders' meeting should be calculated based on numbers of shares. The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders. A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder. The number of shares for which voting rights are not allowed to be exercised in the preceding Paragraph shall not be calculated as part of the voting rights represented by attending shareholders. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.
- 5.15. Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and other regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. On the day of the shareholders' meeting, after the meeting, the results of shareholders' approval, disapproval and abstention are entered into the Market Observation Post System. If shareholders disagree with a motion, they shall vote by a poll in accordance with the preceding provision. In addition to the motions listed on the agenda, any other motions or amendments or alternatives to the original motions proposed by shareholders shall be seconded by other shareholders. 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 made into record.

- 5.16. In the event of an election of directors at a shareholders' meeting, the election results, including the list of elected directors and the number of their elected rights, should be announced on the spot in accordance with the relevant regulations established by the Company.

The election ballots for the aforementioned election shall be sealed and signed by the vote monitoring personnel and kept in a safe place for at least one year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, they shall be kept until the end of the lawsuit

- 5.17. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting.

Distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of public announcement.

The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

- 5.18. 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 the resolution of the shareholders' meeting is required by law to be reported and announced, it shall be done in accordance with the provisions.

- 5.19. The personnel administering the shareholders' meeting should wear identification cards or armbands.

The chair may direct proctors or security personnel to help maintain order in the meeting place. Proctors or security officers, when helping maintain order at the scene, should wear armbands or identification cards with the word "Proctor".

If the meeting place is equipped with sound amplifying equipment, the chair may stop any shareholders from speaking unless they are using the equipment set up by the Company.

When a shareholder violates the rules of procedure, disobeys the chair's correction, or obstructs the proceedings and refuses to follow the call to stop, the chair may direct proctors or security personnel to escort the shareholder out of the meeting.

- 5.20. 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 place cannot be further used and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may ratify a resolution to resume the meeting at another place. The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, be resolved to be postponed or resumed within five days.
- 5.21. The Rules shall be effective upon approval by the shareholders' meeting and the same applies to any amendment.

6. Attachment: None.

## Information on profit sharing remuneration for employees and directors and supervisors

In accordance with the letter Jing-Guan-Zheng-Liu-Zi No. 0960013218 dated March 30, 2007 from FSC, Executive Yuan, the Company disclosed the following information on profit sharing remuneration for employees and directors and supervisors:

Unit: NTD \$

Distributable items:	Board of Directors' proposed distribution amount (A)	Estimated annual amount of recognized expenses (B)	Difference amount (A-B)	Reasons for differences and treatment
Profit sharing remuneration for employees (stock)	0	0	0	None
Profit sharing remuneration for employees (cash)	16,867,033	16,867,033	0	
Profit sharing remuneration for directors and supervisors	8,433,516	8,433,516	0	



## Shareholding of directors

- I. As of March 26, 2023, the date of stock transfer suspension of the shareholders' meeting, the Company's capital stock was NT\$1,341,274,360 and the total number of issued shares was 134,127,436.
- II. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all directors is 8,047,646 shares.
- III. In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if two or more independent directors are elected at the same time, the percentage of shareholding of all directors other than independent directors is reduced to 80%.
- IV. The number of shares held by each individual director and all directors as recorded in the shareholder roster has met the legal percentage standard.
- V. Details of shareholding of all directors

Position	Name	Date elected	Term of office	Shareholding while elected		Number of shares held as recorded in shareholder roster as of the date of stock transfer suspension	
				Share(s)	Shareholding percentage	Share(s)	Shareholding percentage
Chairman	Jyun Chang Investment Co., Ltd. Representative: Yu San-Chuan	111.05.26	3 years	14,522,645	11.91%	15,591,509	11.62%
Director	Jyun Ruei Investment Co., Ltd. Representative: Huang Shu-Yuan	111.05.26	3 years	13,739,638	11.27%	14,762,701	11.01%
Director	Chang Tzu-Hsiung	111.05.26	3 years	0	0.00%	0	0.00%
Director	Hsieh, Hsiu-Chi	111.05.26	3 years	0	0.00%	0	0.00%
Independent director	Chang Chuan-Li	111.05.26	3 years	8,000	0.01%	8,000	0.01%
Independent director	Chen, Kuang-Lung	111.05.26	3 years	37,775	0.03%	37,775	0.03%
Independent director	Chang Kung-Pi	111.05.26	3 years	0	0.00%	0	0.00%
Total shareholding of directors				28,308,058	23.22%	30,399,985	22.67%

Effect of the proposed stock dividends at the shareholders' meeting on the Company's operating results, earnings per share and shareholders' return on investment: The Company is not required to disclose financial forecast information for 2023, so it is not applicable.