

# **CHIN-POON INDUSTRIAL CO., LTD.**

## **2023 ANNUAL SHAREHOLDERS' MEETING**

### **MEETING AGENDA**

(Translation)

The meeting will be held  
on Tuesday, June 27, 2023 at 9:00 a.m. GMT+8,  
at No.17, Lane 5, Section 2, Nanshan Road, Luzhu District, Taoyuan City 33852,  
Taiwan (R.O.C.)

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# Procedures

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Reports
4. Proposed Resolutions
5. Directors Election
6. Other Proposals
7. Special Motions
8. Adjournment

# Agenda

Time: Tuesday, June 27, 2023 at 9:00 a.m. GMT+8

Venue: No.17, Lane 5, Section 2, Nanshan Road, Luzhu District, Taoyuan City 33852, Taiwan (R.O.C.)

Shareholders' meeting will be held by means of physical shareholders' meeting.

Agenda:

1. Call the Meeting to Order (Reports on the number of shares in attendance)
2. Chairperson's Remarks
3. Reports
  - 3.1 Business Report for 2022& Business Plan for 2023
  - 3.2 Audit Committee's Review Report of 2022
  - 3.3 Report on the Compensation of Employees and the Remuneration of Directors of 2022
  - 3.4 Report on Amendment of the Ethical Corporate Management Best Practice Principles
  - 3.5 Report on Amendment of the Procedures for Ethical Management and Guidelines for Conduct
4. Proposed Resolutions
  - 4.1 To accept 2022 Business Report and Financial Statements
  - 4.2 To approve the Proposal for Distribution of 2022 Profits
5. Directors Election
  - 5.1 To elect nine Directors (including three Independent Directors)

6. Other Proposals

6.1 To release the Prohibition on Directors from Participation in Competitive Business

7. Special Motions

8. Adjournment

# Reports

# Report 1

## Business Report for 2022 & Business Plan for 2023

Dear Shareholders

We really appreciate your continuous support all these years. We are reporting the following items here so that you can understand more about what we have done, what we are planning to do and what challenges we are facing.

### **Our Performance in 2022**

Our consolidated operating revenue in 2022 was NT\$ 17,614,328 thousand and decreased by 3.32% and by NT\$ 604,952 thousand from 2021. The main reason for the decrease of revenue was that the Company has been focusing on the automotive business and disruption of the global automotive supply chain was rather extensive in 2022. In early 2022, the Russia-Ukraine War has led to the interruption of the supply of auto components in some regions, especially in Europe. And then the cost of raw materials and energy rose sharply, which have huge impact on disruption of the global automotive supply chain. And the disruption directly affected the Company's revenue. Our operating income in 2022 was NT\$ 272,677 thousand and was increased by NT\$ 458,331 thousand from 2021. Our operating income has turned from negative to positive and the profit has increased significantly, mainly due to the sharp appreciation of the US dollar against Taiwan dollar and RMB in the second half of 2022, which helped us to increase our gross profit as a manufacturer exporter, so that our gross profit in 2022 increased by NT\$ 373,480 thousand compared with 2021. At the same time, due to factors such as the decrease in freight costs, etc., the operating expenses in 2022 was reduced by NT\$ 84,851 thousand from 2021. Even without a large non-operating Income such as insurance claims in 2021, our net profit before tax still increased from NT\$ 460,664 thousand in 2021 to NT\$ 742,683 thousand in 2022, an increase of 61.22%. Our net income in 2022 was NT\$ 496,238 thousand and increased by 46.95% and by NT\$ 158,538 thousand from 2021. So, our earnings per share (EPS) also increased from NT\$ 0.85 in 2021 to NT\$ 1.25 in 2022.



## Operating Results in 2022

Unit: NT\$ in thousands

Item \ Amount	2022	2021	Plus or Minus (Amount)	Plus or Minus (%)
Operating Revenue	17,614,328	18,219,280	(604,952)	-3.32%
Operating Costs	16,107,201	17,085,633	(978,432)	-5.73%
Gross Profit	1,507,127	1,133,647	373,480	32.94%
Operating Expenses	1,234,450	1,319,301	(84,851)	-6.43%
Operating Income	272,677	(185,654)	458,331	246.87%
Non-operating Income and Expenses	470,006	646,318	(176,312)	-27.28%
Profit before Tax	742,683	460,664	282,019	61.22%
Consolidated Profit	496,238	337,700	158,538	46.95%
Profit, attributable to Owners of Parent Company	496,591	337,782	158,809	47.02%

Our budget achievement of operating revenue and operating costs were 80% and 80% of the 2022 budget targets respectively. In 2022, we expected that the automotive supply chain would become smooth, so we had an optimistic forecast for the growth of our revenue. However, the development of various situations after the Russia-Ukraine War had a greater impact on the automotive supply chain and on the growth of automotive business, resulting in a 20% deviation from the targets. However, due to the appreciation of the U.S. dollar in the second half of 2022, exceeding our estimate, it largely offset the negative impact of lower-than-expected revenue growth, so that the achievement rate of gross profit still reached 79%. But The decrease in international shipping costs was not as good as we expected, resulting in the operating expenses reaching 85% of the budget target, which also affected the achievement rate of our operating income to only 59%. In the end, the achievement rate of Profit before Tax reached 109%. This is because the sharp appreciation of the US dollar against Taiwan dollar and RMB in the second half of 2022 resulted in a lot of foreign exchange gains.

## Budget Achievement in 2022

Unit: NT\$ in thousands

Item \ Amount	Actual Amount	Budget Amount	Achievement Rate (%)
Operating Revenue	17,614,328	21,989,631	80%
Operating Costs	16,107,201	20,072,896	80%
Gross Profit	1,507,127	1,916,735	79%
Operating Expenses	1,234,450	1,451,741	85%
Operating Income	272,677	464,994	59%
Non-operating Income and Expenses	470,006	217,369	216%
Profit before Tax	742,683	682,363	109%

After having been aware of the continuation of global automotive supply chains disruption in 2022, we immediately adjusted our operating strategy, business development and capacity expansion accordingly, and actively negotiated with our customers on price adjustments. With the help of the sharp appreciation of the US dollar against Taiwan dollar and RMB in the second half of 2022, our Profit before Tax and Consolidated Profit still grew by 61.22% and by 46.95% in 2022 respectively.

And our long-term and short-term financial position remained healthy. The debt-to-asset ratio in 2022 was 30%, which improved compared to 34% in 2021. The current ratio and quick ratio in 2022 were 245% and 175%, which was significantly better than 204% and 143% in 2021. The Company's debt-to-assets ratio, current ratio and quick ratio indicate that the Company has strong financial strength and operational management capabilities.

We have been dedicating significant efforts on R&D for our development in the future. We manage to keep ahead of our competitors in development of new products and new technology. The following was our results of R&D in 2022.

### Results of R&D in 2022

- A. Development of modified copper inlay process for cost reduction
- B. Middle/High current carrying PCB - Mini-busbar
- C. Middle/High current carrying PCB – Heavy copper
- D. Partial thermal management PCB – Inlay + blind vias
- E. Partial thermal management PCB – Square inlay

- F. Partial thermal management PCB – Convex
- G. Development of rigid flex
- H. Development of cavity PCB
- I. Development of radio frequency PCB
- J. Development of advanced HDI
- K. Assisting overseas factories to upgrade the capabilities of multilayers and HDI
- L. Others

## **Our Plan for 2023**

### **I. Operating Strategies:**

We have been focusing on the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume, which are hugely demanding on more flexible production capability. We also have been facing the challenges of how to deal with the micro-profit era and the fast changes of global economy. We have set the following operating strategies to cope with those challenges and to respond to the changes in the markets and in the environments.

1. The Executives Committee plays a key role of integrating all departments, realigning resources and converging all efforts to fulfill our visions and strategies.
2. Dynamically target the potential products and niche markets to respond to global competitions and rapidly changing markets.
3. Realign all our resources to develop creativity of R&D, to build excellent production capability and to setup effective cost control systems in order to provide value-added products, services and total solutions with innovativeness and cost-competitiveness.
4. Build a cluster of Asian production and service bases which has a center in Taiwan and supporting bases in Mainland China and Thailand.
5. Provide Taiwan's resources of technology, marketing, and administration to our bases in Mainland China and Thailand in order for them to rapidly upgrade their operating capabilities and to grasp the opportunities in the local markets of Mainland China, Southeast Asia and South Asia.
6. Integrate production processes and managerial resources to strengthen the supportive systems for production and to promote specialization center and sophisticated technical capabilities.

7. Enhance automation and smart production to raise production efficiency, to improve quality and to reduce costs.
8. Implement total quality control and utilize the Six Sigma methodology to build an edge in competitiveness of stable quality.
9. Continue to upgrade the capabilities of ERP (Enterprise Resource Planning), CIM (Computer integrated manufacturing) and Industrial 4.0, and to participate in government-subsidized Technology Development Programs in order to strengthen our abilities and efficiency of operation and administration and to complete the planning and its implementation of Smart Factory.
10. Build a learning organization and knowledge management system to store, accumulate and share management wisdom among all employees in the Company. Activate a cost control system and an incentive plan to guide resources of knowledge into increasing high value-added activities, reducing activities of low efficiency and of low value, and strengthen our core competitiveness. The cultivation of talents is centered on this knowledge management structure and learning organization in order to reserve enough talents for future challenges.

## II. Operational Goals:

Volume of Single-sided:	1,047,089 M <sup>2</sup> (square meter)
Volume of Double-sided & Multilayer:	3,516,744 M <sup>2</sup> (square meter)

## III. Strategies for Marketing and Production:

### 1. Production Strategies

Grasp the trends of technology and products and continue to improve our costs, quality, speed, flexibility and services.

- (1) Enhance the quality systems of ISO-9002、ISO-14001、QS-9000、TL9000、TS 16949 and AS 9100 Aerospace Quality Management System which was acquired in 2020, and utilize the six sigma methodology to achieve the targets of our quality policy.
- (2) Upgrade our capabilities of fine line, high density and micro via.
- (3) Strengthen our capabilities of HDI (High Density Interconnect) and other high value-added technology.
- (4) Continues to expand niche products such as aluminum PCB, Middle/High current carrying PCB, heavy copper board, etc.

- (5) Upgrade automation, enhance our analytic ability for big data of production and enhance smart production. Our vision is to build smart factories.
- (6) Build a cluster of Asian production and service bases. Especially, strengthen the manufacturing site in Thailand and capitalize on its double edges on low cost structure and nearness to the biggest automobiles manufacturing site in Southeast Asia.

## 2. Marketing Strategies

Keep up with market trends.

- (1) Actively develop global markets and be a key supplier of global main players in different electronics industries. Simultaneously, increase the pocket share of our customers.
- (2) Develop the markets in Mainland China, Southeast Asia, South Asia and other emerging countries.
- (3) Build global marketing channels and strengthen global competitiveness.
- (4) Build a complete platform of logistics and provide our customers more value-added services.

## IV. R&D Plans:

### 1. Upcoming R&D plans:

- Technology development for all aspects of smart factories, including smart monitoring, smart automation, smart cooperation and AI applications
- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of embedded Cu-inlay for Matrix/Multi-Pixel LED Headlights System
- Development of semi-flex plus PCB for vehicle
- Development of rigid flex for ADAS
- Development of radio frequency PCBs
- Development of cavity PCB

- Development of advanced HDI
- Development of thick Cu Coil PCB for vehicle planar transformer
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

## 2. R&D Budget

The total budget for research and development is around NT\$ 276,708 thousand.

## Our Strategies

1. Continue to expand the niche market of printed circuit board (PCB) used in automobiles, low-orbit satellites and high-end communication and of medium volume PCBs.
2. Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in China and in Thailand in the next 2-3 years. There is still enough space for capacity expansion in our plants in Changshu, China. And we have increased our ownership of our manufacturing site in Thailand to 99.78% in 2021. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
3. Strengthen R&D of niche products to avoid shrinking of profit margins owing to excessive competition in the industry.
4. Enhance automation and smart production to improve quality and to enhance production flexibility.

## Challenges

Taiwan's PCB industry has been developing for more than 30 years and has built a complete supply chain and industrial clusters. Taiwan's PCB makers have an edge on yield, quality, price, speed and service over global competitors and have a great share of global demand of PCB for automotive electronics, telecommunication, information technology and consumers' electronics. According to the statistics of TPCA and IEK, total revenue of Taiwan's PCB makers in 2022 was NT\$ 903.3 billion and increased by 10.5%.

In 2022, due to various developments after the Russia-Ukraine War, as well as the impact of continuous high inflation and high interest rates, the global economic growth has been revised down from 4.1% originally estimated by the International Monetary Fund (IMF) to 3.4%. Compared with 5.5% in 2021, it is a significant decline. In response to high inflation, central banks such as the US Federal Reserve and the European Central Bank have begun to shrink their balance sheets and raise interest rates. Along with the impact of rising prices on consumer demand, the momentum of the global economy has gradually declined. At the same time, even if European and American countries gradually have lifted most of COVID-19 mandates in the first half of 2022, and Asian countries other than China also have lifted border controls in the second half of the year, the COVID-19 pandemic continued to disrupt the global supply chain in 2022, especially under China's Zero-COVID Policy. Although the growth of consumption has slowed down, fund costs have increased, raw materials have risen, global supply bottlenecks remained unsolved, those problems and other issues have caused great challenges for manufacturers in terms of management and costs, and the global economic growth has slowed down, it still maintained growth in 2022, so exporters were able to weather 2022 smoothly.

Looking ahead to 2023, the impact of the COVID-19 pandemic is expected to gradually subside, but rising interest rates will restrain private consumption and corporate spending, and global economic demand has cooled down significantly in the second half of 2022, and this weak trend will continue into 2023. Coupled with factors such as the U.S.-China technology war and the resurgence of semiconductor chip protectionism in various countries, the concerns about the global economic outlook continue to be more negative. Major international forecasting institutions believe that the growth rate of the global economy and trade in 2023 will be slower than that in 2022. IMF has forecasted that the global economic growth will drop from 3.4% in 2022 to 2.9% in 2023. Due to the unresolved supply chain disruption, the price pressure caused by inflation and the intensification of geopolitical risks, this year is expected to be a year of both sustained growth and high uncertainty for the global economy.

According to the forecast of IEK, total revenue of Taiwan's PCB makers in 2023 is expected to be NT\$ 917.8 billion and increased by 1.6%, which will slow down significantly. Taiwan's PCB makers have always beaten the market and got a bigger share even in global adverse economic situations. They are competitive in the aspects of cost and manufacturing sites so they will remain profitable in the future of expanding electronics industries.

Our production bases are located in Taiwan, China and Thailand. The local laws and

regulations in different countries have been changed from time to time. The Company is based on the principle of legal business and complies with local laws and regulations. Moreover, in recent years, the Taiwan authorities have gradually improved the relevant laws and regulations on corporate governance and social responsibility. The Company has complied with the changes in laws and regulations, gradually completed the establishment of corporate governance systems, and fulfilled corporate social responsibilities in order to balance the Company's shareholders' equity and the interests of all interested parties.

Looking back on the past year, the world is full of changes and challenges. Uncertain factors such as repeated epidemics, fluctuations in international economic and trade, and supply chain disruptions have been testing the adaptability and resilience of an enterprises. And the impact of extreme weather caused by climate change is becoming more and more obvious. For the survival of human beings in the long run, many countries are accelerating to take more proactive actions and thinking about what should be done to maintain the sustainable development of the human society. We have been adhering to a core concept to lead the Company, which is "be good together". That an enterprise can maintain good performance, operation and profitability is the basic task that it must achieve. But it is not enough for it to keep thriving. Its shareholders and employees must be able to benefit from the results it has created, and what it has done must make our society and the environment better. Only when all stakeholders can "be good together", we will be able to maintain a beautiful and long-term future for all of us. This is our fundamental belief of leading an enterprise.

In the past, we have accumulated strength of R&D and manufacturing to create good business results in the global automotive PCB market and to establish the Company's sound operational capabilities and strong financial position. As the world is facing the challenges of severe climate change, we are going to make use of our excellent ability, follow the international trend of carbon reduction, make comprehensive re-alignments in all aspects, set aggressive goals to drive ourselves, promise to achieve zero carbon emissions in global offices by 2030, and challenge the targets of using 100% renewable energy and of achieving carbon neutrality by 2050. At the same time, we will continue to improve the efficiency of energy, material and water resources in our environmental protection strategy. In addition, we will encourage suppliers to participate and builds a resilient and sustainable supply chain to extend the positive influence beyond our reach.

We adhere to the spirit of "be good together" and care about ESG issues. In addition to enhancing R&D, manufacturing and management to drive the improvement of overall productivity, we also actively expand more positive influence with a view to



contribute to the comprehensive sustainable development of our society. We have weathered 43 years. The past difficulties have tempered our confidence and strength to face challenges. In the future, we will continue to work hard to simultaneously achieve the dual goals which are to maintain a going concern and to support the sustainable development of the environment and the society.

Taiwan PCB industry are facing many challenges and rapidly changing external environments which have a great impact on Taiwan's PCB industry. In 2022, the global economy is expected to maintain a positive growth with slow momentum. Chin-poon has aligned our strategy to enhance our edge on globalization, niche products, high-quality services, key technology, innovation of processing, stable product quality, integrated logistics platform, competitive cost control and advanced knowledge management to achieve our business goals.

In addition, the Company recognizes the advent of the era of smart manufacturing and knowledge management. We continually cultivate talents, appreciate valuable human resources, and has got certain progress and achievements in system management and organizational learning. We also aggressively implement ERP and CIM systems, Six Sigma, intelligent manufacturing and various projects in order to enable the Company's internal resources to be used most effectively and its production efficiency to be significantly improved. In the future, we will adopt a more active strategy in the expansion of our manufacturing sites in Asia to grasp the business opportunities provided by the growth of electronic industries around the world.

Thanks to the efforts and dedication of all employees, the Company has achieved a certain level of profitability over the past year even in the face of growth pressure caused by disruption of automotive supply chain. We expect the competition in the future will be still extremely intensive. We are going to continue improving our core competitiveness to enhance our performance so that we can keep enhancing shareholders' equity.

Sincerely yours,

Chairperson

Chief Executive Officer

Principal Accounting Officer

## Report 2

### Audit Committee's Review Report of 2022

## CHIN-POON INDUSTRIAL CO., LTD.

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

CHIN-POON INDUSTRIAL CO., LTD.

Chairperson of the Audit Committee: Mr. CHEN, HSIANG-SHENG

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March 13, 2023

## Report 3

### Report on the Compensation of Employees and the Remuneration of Directors of 2022

1. The decided amount of the Compensation of Employees in cash is NT\$ 15,363,043. There are no differences between the amount decided by the Board of Directors and the amount of expense for the compensation accrued in the 2022 financial statements of the Company.
2. The decided amount of the Remuneration of Directors in cash is NT\$ 4,680,000. There are no differences between the amount decided by the Board of Directors and the amount of expense for the Remuneration accrued in the 2022 financial statements of the Company.
3. The total amount of expense for the Compensation of Employees and the Remuneration of Directors is NT\$ 20,043,043.

## Report 4

### Report on Amendment of the Ethical Corporate Management Best Practice Principles

1. In order to comply with the current laws and regulations, the Ethical Corporate Management Best Practice Principles has been amended. Please refer to Appendix 3 for the new edition of the Ethical Corporate Management Best Practice Principles.

## Report 5

### Report on Amendment of the Procedures for Ethical Management and Guidelines for Conduct

1. In order to comply with the current laws and regulations, the Procedures for Ethical Management and Guidelines for Conduct has been amended. Please refer to Appendix 4 for the new edition of the Procedures for Ethical Management and Guidelines for Conduct.

# Proposed Resolutions

## Proposal 1

(Proposed by Board of Directors)

**Subject:** To accept 2022 Business Report and Financial Statements.

**Explanation:**

1. CHIN-POON's 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by CPA Lily Lu and CPA Victor Wang of KPMG, who then issued an Audit Report with an Unqualified Opinion with regard to those financial statements.
2. The aforementioned Financial Statements and 2022 Business Report have been accepted by the Board of Directors and reviewed by the Audit Committee of the Company. (The aforementioned Financial Statements are attached hereto as Appendix I. As to 2022 Business Report, please refer to Report 1.) Please accept the aforementioned Business Report and Financial Statements.

**Resolution:**

## Proposal 2

(Proposed by Board of Directors)

**Subject:** To approve the Proposal for Distribution of 2022 Profits and Retained Earning.

**Explanation:**

1. The following Profit Allocation Proposal has been approved and proposed by the Board of Directors.

### Profit Allocation Proposal

Unit: NT\$

Unappropriated Retained Earnings of Previous Years	7,078,391,385
Plus:	
- Net Income of 2021	496,590,863
- Remeasurements of Defined Benefit Plans	16,673,200
- Reversal of the Special Reserve	266,866,464
Less:	
- 10% Legal Reserve	(51,326,406)
Retained Earnings Available for Distribution as of December 31, 2022	7,807,195,506
Distribution Item:	
- Cash Dividends to Common Share Holders (NT\$ 0.85 per share)	337,871,107
Unappropriated Retained Earnings	7,469,324,399

**Chairperson**

**Chief Executive Officer**

**Principal Accounting Officer**

2. We have deducted from the profits in 2022 the legal reserve according to applicable laws. Then it is proposed that each common share holder will be entitled to receive a cash dividend of NT\$ 0.85 per share. (The total amount of dividend for each shareholder will be rounded down to an integer. And the fractional amount less than one dollar should be recorded as other income of



the Company.)

- 3.1 The total number of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly if the Company subsequently repurchase its common shares, or transfers and retires treasury stocks, or executes conversion of convertible bonds to stocks etc. It is proposed that the Board of Directors be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
- 3.2 Upon the Profit Allocation Proposal for the year 2022 having approved in the shareholders' meeting, it is proposed to authorize the Board of Director to set the ex-dividend date and the payment date of cash dividend.
4. Please approve the Proposal for Distribution of 2022 Profits and Retained Earning.

**Resolution:**

# Directors Election

# Proposal 1

(Proposed by Board of Directors)

**Subject:** To elect nine Directors (including three independent directors).

**Explanation:**

1. Upon the expiration of the terms of all CHIN-POON's Directors, the Board of Directors resolved that nine Directors (including three independent directors) will be elected at this Annual Shareholders' Meeting. The tenure of newly elected directors shall commence on June 27, 2023 and expire on June 26, 2026.
2. The directors shall be elected by adopting candidate nominating system as specified in the Article 192-1 of the Company Act. The directors shall be elected from the nominated candidates, whose education and professional qualifications, experience and relevant information are attached hereto as the following table.

Title / Name	Education & Professional Qualifications	Shareholdings (shares)
Director LIN, PI-CHI	National Tao-yuan Agricultural & Industrial Vocational High School Director, CHIN-POON Industrial Co., Ltd.	7,022,649
Director TSENG-LIU, YU-CHIH	St. Francis Xavier High School Director, CHIN-POON Industrial Co., Ltd.	9,603,279
Director TSENG, WEN-YU	LeeMing Institute Of Technology Supervisor, CHIN-POON Industrial Co., Ltd.	5,546,357
Director HUANG, WEI-JIN	National Cheng Kung University Chairperson, CHIN-POON Industrial Co., Ltd.	11,238,409
Director LAI, HWEI-SHAN	National Chung Hsing University Supervisor, CHIN-POON Industrial Co., Ltd.	6,283,114
Director TUNG, HSIAO-HUNG	National Taipei College of Business Director, CHIN-POON Industrial Co., Ltd.	6,308,043
Independent Director HSU, SUNG-TSAI	Chinese Culture University Senior Vice Manager, Standard Chartered Bank	1,242
Independent Director CHEN, HSIANG-SHENG	National Taiwan Normal University Former Vice President, CHIN-POON Industrial Co., Ltd.	88,637
Independent Director CHEN, SHI-SHU	National Chung Hsing University CPA, Kudos & Co., CPAs	0

**Resolution:**

# Other Proposals

# Proposal 1

(Proposed by Board of Directors)

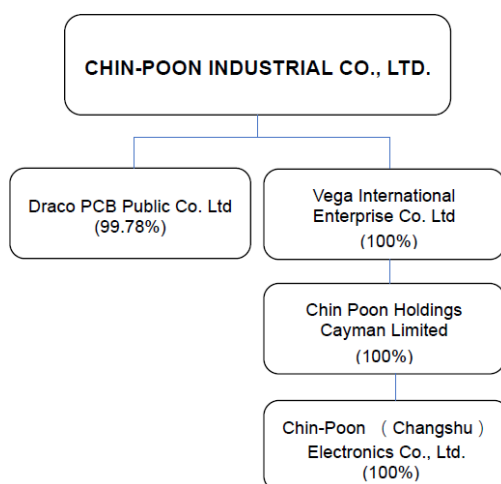
**Subject:** To release the Prohibition on Directors from Participation in Competitive Business.

## Explanation:

1. To comply with the Article 209 of the Company Act, it is proposed to release the prohibition on newly elected directors from participation in competitive business.
2. Please refer to the following table that shows elected directors' participation in competitive business.

Title	Name	Competitive Business	Participation
Director	LIN, PI-CHI	1. CHIN-POON (Changshu) Electronics Co., Ltd. 2. Draco PCB Public Co., Ltd	1. Director 2. Director
Director	TSENG-LIU, YU-CHIH	1. CHIN-POON (Changshu) Electronics Co., Ltd. 2. VEGA International Enterprise Co., Ltd 3. CHIN-POON Holdings Cayman Limited 4. Draco PCB Public Co., Ltd	1. Director 2. Director 3. Director 4. Director
Director	TSENG, WEN-YU	1. CHIN-POON (Changshu) Electronics Co., Ltd.	1. Director
Director	HUANG, WEI-JIN	1. CHIN-POON (Changshu) Electronics Co., Ltd. 2. Draco PCB Public Co., Ltd	1. Director 2. Director
Director	TUNG, HSIAO-HUNG	1. CHIN-POON (Changshu) Electronics Co., Ltd.	1. Director

Note: All the competitive business listed in the table are our subsidiaries. The family tree is as follows.



**Resolution:**

# Special Motions

# Adjournment

# Appendix



## Appendix 1

### 2022 Audit Report of Independent Auditors and Financial Statements

1. Independent Auditors' Report And 2022 Consolidated Financial Statements
2. Independent Auditors' Report And 2022 Parent Company Only Financial Statements

**CHIN-POON INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

**Address: No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County,  
Taoyuan City, Taiwan, R.O.C.**

**Telephone: (03)322-2226**

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.

## Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: Zeng , Liu-Yuzhi

Date: March 13, 2023



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

### Opinion

We have audited the accompanying consolidated financial statements of Chin-Poon Industrial Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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"), interpretation as well as related guidance endorsed 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Subsequent measurements of inventories

Please refer to note 4(h), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

Description of key audit matter:

The inventories of the Group are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

## 2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(o) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

Description of key audit matter:

The Group recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

## Other Matter

The Company has 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 opinion.

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

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

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

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

### **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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2023

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021			
	Amount	%	Amount	%		Amount	%	Amount	%		
11xx	<b>Assets</b>				21xx	<b>Liabilities and Equity</b>					
1100	<b>Current assets:</b>				2100	<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 3,366,817	15	3,824,300	17	2100	Short-term loans (notes 6(i), 8 and 9)	\$ 802,558	3	1,352,335	6
1110	Financial assets measured at fair value through profit and loss—current (note 6(b))	1,854,274	8	34	-	2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	3,821	-	-	-
1150	Notes receivable, net (notes 6(d) and (o))	11,013	-	4,337	-	2150	Notes payable	639,031	3	817,394	4
1170	Accounts receivable, net (notes 6(d) and (o))	3,865,643	17	4,229,831	18	2170	Accounts payable	1,999,077	9	2,535,350	11
1200	Other receivables (note 6(e))	94,961	-	138,836	1	2219	Other payables (notes 6(k) and 6(p))	1,168,951	5	1,191,452	5
1220	Current income tax assets	-	-	9,805	-	2230	Current tax liabilities	146,082	1	47,411	-
130x	Inventories (notes 6(f) and 9)	4,010,478	18	4,256,689	18	2280	Current lease liabilities (note 6(j))	40,875	-	52,542	-
1410	Prepayments	79,273	-	61,466	-	2399	Other current liabilities (note 6(o))	1,020,287	5	1,069,022	4
1476	Other financial assets—current (note 6(c))	894,330	4	1,663,308	7		<b>Total current liabilities</b>	<u>5,820,682</u>	<u>26</u>	<u>7,065,506</u>	<u>30</u>
1479	Other current assets	99,145	1	217,097	1	25xx	<b>Non-Current liabilities:</b>				
	<b>Total current assets</b>	<u>14,275,934</u>	<u>63</u>	<u>14,405,703</u>	<u>62</u>	2570	Deferred tax liabilities (note 6(l))	707,303	3	588,447	3
15xx	<b>Non-current assets:</b>				2580	Non-current lease liabilities (note 6(j))					
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	6,721,425	30	7,388,403	32	2640	Net defined benefit liability—non-current (note 6(k))	170,000	1	260,234	1
1755	Right-of-use assets (note 6(h))	246,101	1	350,369	2		<b>Total non-current liabilities</b>	<u>907,522</u>	<u>4</u>	<u>879,600</u>	<u>4</u>
1840	Deferred tax assets (note 6(l))	216,288	1	218,925	1	2xxx	<b>Total liabilities</b>	<u>6,728,204</u>	<u>30</u>	<u>7,945,106</u>	<u>34</u>
1915	Prepayments for equipment (note 9)	3,711	-	-	-	31xx	<b>Equity attributable to shareholders of the parent (note 6(m)):</b>				
1975	Net defined benefit asset—non-current (note 6(k))	127,150	1	95,926	-	3110	Common stock	<u>3,974,954</u>	<u>17</u>	<u>3,974,954</u>	<u>17</u>
1980	Other financial assets—non-current (note 6(c))	991,085	4	757,617	3	3200	Capital surplus	<u>1,580,137</u>	<u>7</u>	<u>1,579,698</u>	<u>7</u>
	<b>Total non-current assets</b>	<u>8,305,760</u>	<u>37</u>	<u>8,811,240</u>	<u>38</u>	3300	Retained earnings:				
						3310	Legal reserve	2,439,494	11	2,409,315	10
						3320	Special reserve	571,745	2	434,369	2
						3350	Unappropriated earnings	<u>7,591,656</u>	<u>34</u>	<u>7,444,695</u>	<u>32</u>
								<u>10,602,895</u>	<u>47</u>	<u>10,288,379</u>	<u>44</u>
						3400	Other equity:				
						3410	Foreign currency translation differences for foreign operations	<u>(304,879)</u>	<u>(1)</u>	<u>(571,745)</u>	<u>(2)</u>
						31xx	<b>Total equity attributable to shareholders of the company</b>	<u>15,853,107</u>	<u>70</u>	<u>15,271,286</u>	<u>66</u>
						36xx	<b>Non-controlling interests</b>	<u>383</u>	<u>-</u>	<u>551</u>	<u>-</u>
						3xxx	<b>Total equity</b>	<u>15,853,490</u>	<u>70</u>	<u>15,271,837</u>	<u>66</u>
1xxx	<b>Total assets</b>	<u>\$ 22,581,694</u>	<u>100</u>	<u>23,216,943</u>	<u>100</u>	2-3xxx	<b>Total liabilities and equity</b>	<u>\$ 22,581,694</u>	<u>100</u>	<u>23,216,943</u>	<u>100</u>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
(All amounts expressed in thousands of New Taiwan dollars)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 <b>Operating revenue (note 6(o))</b>	\$ 17,614,328	100	18,219,280	100
5000 <b>Operating costs (notes 6(f), (k) and 7)</b>	<u>16,107,201</u>	<u>91</u>	<u>17,085,633</u>	<u>94</u>
5900 <b>Gross profit</b>	<u>1,507,127</u>	<u>9</u>	<u>1,133,647</u>	<u>6</u>
6000 <b>Operating expenses (notes 6(d), (e), (k), (p) and 7):</b>				
6100 Selling expenses	448,420	3	579,715	3
6200 Administrative expenses	464,031	3	425,769	2
6300 Research and development expenses	322,180	2	306,422	2
6450 Expected credit losses (reversal of expected credit losses)	<u>(181)</u>	<u>-</u>	<u>7,395</u>	<u>-</u>
<b>Total operating expenses</b>	<u>1,234,450</u>	<u>8</u>	<u>1,319,301</u>	<u>7</u>
6900 <b>Operating income (loss)</b>	<u>272,677</u>	<u>1</u>	<u>(185,654)</u>	<u>(1)</u>
7000 <b>Non-operating income and expenses (notes 6(b), (g), (j) and (q)):</b>				
7100 Interest income	98,772	1	100,890	1
7010 Other income	152,251	1	312,555	2
7020 Other gains and losses	247,310	1	254,780	1
7050 Finance costs	<u>(28,327)</u>	<u>-</u>	<u>(21,907)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>470,006</u>	<u>3</u>	<u>646,318</u>	<u>4</u>
7900 <b>Income before income tax</b>	742,683	4	460,664	3
7950 <b>Less: Income tax expenses (note 6(l))</b>	<u>246,445</u>	<u>1</u>	<u>122,964</u>	<u>1</u>
<b>Net income</b>	<u>496,238</u>	<u>3</u>	<u>337,700</u>	<u>2</u>
8300 <b>Other comprehensive income (note 6(l)):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	20,801	-	(44,989)	-
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>4,128</u>	<u>-</u>	<u>(8,998)</u>	<u>-</u>
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>16,673</u>	<u>-</u>	<u>(35,991)</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Foreign currency translation differences for foreign operations	267,051	1	(137,702)	(1)
8399 Less: income tax related to items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total items that will be reclassified subsequently to profit or loss</b>	<u>267,051</u>	<u>1</u>	<u>(137,702)</u>	<u>(1)</u>
8300 <b>Other comprehensive income (loss), net of tax</b>	<u>283,724</u>	<u>1</u>	<u>(173,693)</u>	<u>(1)</u>
8500 <b>Total comprehensive income</b>	<u>\$ 779,962</u>	<u>4</u>	<u>164,007</u>	<u>1</u>
8600 <b>Net income (loss) attributable to:</b>				
8610 Shareholders of the Company	\$ 496,591	3	337,782	2
8620 Non-controlling interests	<u>(353)</u>	<u>-</u>	<u>(82)</u>	<u>-</u>
<b>Total comprehensive income attributable to:</b>	<u>\$ 496,238</u>	<u>3</u>	<u>337,700</u>	<u>2</u>
8700 <b>Total comprehensive income attributable to:</b>				
8710 Shareholders of the Company	\$ 780,130	4	164,415	1
8720 Non-controlling interests	<u>(168)</u>	<u>-</u>	<u>(408)</u>	<u>-</u>
<b>Total comprehensive income attributable to:</b>	<u>\$ 779,962</u>	<u>4</u>	<u>164,007</u>	<u>1</u>
<b>Basic earnings per share(expressed in New Taiwan dollars) (note 6(n))</b>				
9750 Basic earnings per share	<u>\$ 1.25</u>		<u>0.85</u>	
9850 Diluted earnings per share	<u>\$ 1.25</u>		<u>0.85</u>	

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(All amounts expressed in thousands of New Taiwan dollars)

Equity attributable to shareholders of the Company

	Common stock	Capital surplus	Retained earnings			Subtotal	Other equity	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated earnings		Foreign currency translation differences for foreign operations			
<b>Balance at January 1, 2021</b>	\$ 3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146	958	15,306,104
Appropriation and distribution:										
Legal reserve	-	-	5,060	-	(5,060)	-	-	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782	(82)	337,700
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)	(326)	(173,693)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415	(408)	164,007
Changes in non-controlling interests	-	40	-	-	-	-	-	40	1	41
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433	-	433
<b>Balance at December 31, 2021</b>	3,974,954	1,579,698	2,409,315	434,369	7,444,695	10,288,379	(571,745)	15,271,286	551	15,271,837
Appropriation and distribution:										
Legal reserve	-	-	30,179	-	(30,179)	-	-	-	-	-
Special reserve	-	-	-	137,376	(137,376)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	496,591	496,591	-	496,591	(353)	496,238
Other comprehensive income for the year	-	-	-	-	16,673	16,673	266,866	283,539	185	283,724
Total comprehensive income for the year	-	-	-	-	513,264	513,264	266,866	780,130	(168)	779,962
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	439	-	-	-	-	-	439	-	439
<b>Balance at December 31, 2022</b>	\$ 3,974,954	1,580,137	2,439,494	571,745	7,591,656	10,602,895	(304,879)	15,853,107	383	15,853,490

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	2022	2021
<b>Cash flows from operating activities:</b>		
Income before tax	\$ 742,683	460,664
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss</b>		
Depreciation expenses	1,131,509	1,103,977
Expected credit losses (reversal of expected credit losses)	(181)	7,395
Net gains on financial assets measured at fair value through profit or loss	(6,722)	(2,792)
Interest expense	28,327	21,907
Interest income	(98,772)	(100,890)
Losses on disposal of property, plant and equipment	7,008	5,322
Unrealized losses (gains) on foreign exchange	(3,017)	11,088
Gain on lease modification	(92)	-
Total adjustments to reconcile profit and loss	<u>1,058,060</u>	<u>1,046,007</u>
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	(6,619)	30,420
Accounts receivable	385,487	(882,004)
Other receivables	43,408	(25,313)
Inventories	290,969	(1,349,592)
Prepayments	(17,118)	(8,918)
Other current assets	<u>119,634</u>	<u>(57,943)</u>
Total net changes in operating assets	<u>815,761</u>	<u>(2,293,350)</u>
Net changes in operating liabilities:		
Notes payable	(178,363)	331,700
Accounts payable	(483,443)	297,520
Other payable	(23,262)	(66,867)
Other current liabilities	54,357	4,824
Net defined benefit liability	<u>(14,508)</u>	<u>(10,389)</u>
Total net changes in operating liabilities	<u>(645,219)</u>	<u>556,788</u>
Total net changes in operating assets and liabilities	<u>170,542</u>	<u>(1,736,562)</u>
Total adjustments	<u>1,228,602</u>	<u>(690,555)</u>
Cash inflow generated from operations	1,971,285	(229,891)
Interest income received	173,137	35,583
Interest paid	(23,822)	(22,357)
Income tax received (paid)	<u>(16,408)</u>	<u>50,246</u>
<b>Net cash flows from (used in) operating activities</b>	<u>2,104,192</u>	<u>(166,419)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets measured at fair value through profit or loss	(2,300,000)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	450,000	419,567
Acquisition of property, plant and equipment	(435,789)	(297,637)
Proceeds from disposal of property, plant and equipment	6,581	5,313
Decrease (increase) in other financial assets — non-current	515,445	358,613
Increase in prepayments for equipment	<u>(3,799)</u>	<u>(361,913)</u>
<b>Net cash flows from (used in) investing activities</b>	<u>(1,767,562)</u>	<u>123,943</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	2,213,980	3,769,572
Decrease in short-term loans	(2,765,959)	(3,741,889)
Payment of lease liabilities	(55,916)	(49,541)
Cash dividends paid	(198,748)	(198,748)
Change in non-controlling interests	-	41
<b>Net cash flows used in financing activities</b>	<u>(806,643)</u>	<u>(220,565)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>12,530</u>	<u>(22,794)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(457,483)</u>	<u>(285,835)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>3,824,300</u>	<u>4,110,135</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,366,817</u>	<u>3,824,300</u>

**CHIN-POON INDUSTRIAL CO., LTD.****PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

**Address: No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County,  
Taoyuan City, Taiwan, R.O.C.**

**Telephone: (03)3222226**

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.



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

### Opinion

We have audited the accompanying parent company only financial statements of Chin-Poon Industrial Co., Ltd. ("the Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Subsequent measurements of inventories

Please refer to note 4(g), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the parent company only financial statements.

Description of key audit matter:

The inventories of the Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory subsequent measurements, and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the parent company only financial statements.

Description of key audit matter:

The Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2023

#### **Notes to Readers**

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

The independent auditors' audit 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' audit report and parent company only financial statements, the Chinese version shall prevail.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Financial Position  
December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
11xx <b>Current assets:</b>					21xx <b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 1,686,677	8	3,109,360	15	2100 Short-term loans (notes 6(k) and 9)	\$ 802,558	4	1,099,864	5
1110 Financial assets measured at fair value through profit and loss—current (note 6(b))	1,854,274	8	-	-	2150 Notes payable	639,031	3	817,394	4
1170 Accounts receivable, net (notes 6(d) and (q))	2,738,200	13	3,019,781	14	2170 Accounts payable	722,913	3	1,007,392	5
1180 Accounts receivable—related parties, net (notes 6(d), (q) and 7)	3,812	-	9,448	-	2180 Accounts payable—related parties (note 7)	1,074,706	5	985,013	5
1200 Other receivables (note 6(e))	34,980	-	88,545	-	2200 Other payables (notes 6(m), (r) and 7)	817,349	4	918,220	4
1210 Other receivables—related parties (notes 6(e) and 7)	64,765	-	1,353	-	2230 Current tax liabilities	124,205	1	47,411	-
1220 Current income tax assets	-	-	1,829	-	2280 Current lease liabilities (note 6(l))	40,875	-	52,542	-
130x Inventories (notes 6(f) and 9)	2,507,335	12	2,626,463	12	2399 Other current liabilities (note 6(q))	658,469	3	651,138	3
1410 Prepayments	42,588	-	37,478	-	<b>Total current liabilities</b>	<u>4,880,106</u>	<u>23</u>	<u>5,578,974</u>	<u>26</u>
1476 Other financial assets—current (note 6(c))	159,985	1	376,821	2	25xx <b>Non-Current liabilities:</b>				
1479 Other current assets	41,981	-	54,495	-	2570 Deferred tax liabilities (note 6(n))	695,138	3	558,181	3
<b>Total current assets</b>	<u>9,134,597</u>	<u>42</u>	<u>9,325,573</u>	<u>43</u>	2580 Non-current lease liabilities (note 6(l))	170,000	1	260,234	1
15xx <b>Non-current assets:</b>					<b>Total non-current liabilities</b>	<u>865,138</u>	<u>4</u>	<u>818,415</u>	<u>4</u>
1550 Investments accounted for under equity method (notes 6(g) and (h))	8,519,393	39	8,065,529	37	2xxx <b>Total liabilities</b>	<u>5,745,244</u>	<u>27</u>	<u>6,397,389</u>	<u>30</u>
1600 Property, plant and equipment (notes 6(i), 7 and 9)	3,342,955	15	3,716,195	17	31xx <b>Equity (notes 6(h) and (o)):</b>				
1755 Right-of-use assets (note 6(j))	196,058	1	299,651	1	3110 Common stock	3,974,954	18	3,974,954	18
1840 Deferred tax assets (note 6(n))	148,664	1	157,321	1	3200 Capital surplus	1,580,137	7	1,579,698	7
1915 Prepayments for equipment (note 9)	994	-	-	-	3300 Retained earnings:				
1975 Net defined benefit asset—non-current (note 6(m))	127,150	1	95,926	1	3310 Legal reserve	2,439,494	11	2,409,315	11
1980 Other financial assets—non-current (note 6(c))	128,540	1	8,480	-	3320 Special reserve	571,745	3	434,369	2
<b>Total non-current assets</b>	<u>12,463,754</u>	<u>58</u>	<u>12,343,102</u>	<u>57</u>	3350 Unappropriated earnings	7,591,656	35	7,444,695	35
						<u>10,602,895</u>	<u>49</u>	<u>10,288,379</u>	<u>48</u>
					3400 Other equity:				
					3410 Foreign currency translation differences for foreign operations	(304,879)	(1)	(571,745)	(3)
					3xxx <b>Total equity</b>	<u>15,853,107</u>	<u>73</u>	<u>15,271,286</u>	<u>70</u>
1xxx <b>Total assets</b>	<u>\$ 21,598,351</u>	<u>100</u>	<u>21,668,675</u>	<u>100</u>	2-3xxx <b>Total liabilities and equity</b>	<u>\$ 21,598,351</u>	<u>100</u>	<u>21,668,675</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**CHIN-POON INDUSTRIAL CO., LTD.**

**Parent Company Only Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
 (All amounts expressed in thousands of New Taiwan dollars)

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(q) and 7)</b>	\$ 13,611,301	100	14,039,867	100
5000 <b>Operating costs (notes 6(f), (m) and 7)</b>	<u>12,764,405</u>	<u>94</u>	<u>13,450,625</u>	<u>96</u>
5900 <b>Gross profit</b>	<u>846,896</u>	<u>6</u>	<u>589,242</u>	<u>4</u>
6000 <b>Operating expenses (notes 6(d), (e), (m), (r) and 7):</b>				
6100 Selling expenses	274,190	2	342,823	3
6200 Administrative expenses	294,760	2	277,691	2
6300 Research and development expenses	62,258	-	57,946	-
6450 Expected credit losses (reversal of expected credit losses)	<u>(3,979)</u>	<u>-</u>	<u>6,335</u>	<u>-</u>
<b>Total operating expenses</b>	<u>627,229</u>	<u>4</u>	<u>684,795</u>	<u>5</u>
6900 <b>Operating income (loss)</b>	<u>219,667</u>	<u>2</u>	<u>(95,553)</u>	<u>(1)</u>
7000 <b>Non-operating income and expenses (notes 6(i), (l), (s) and 7):</b>				
7100 Interest income	21,396	-	16,338	-
7010 Other income	125,952	1	240,584	2
7020 Other gains and losses	219,144	2	276,004	2
7050 Finance costs	(23,597)	-	(15,231)	-
7070 Share of profit from the subsidiaries, the associates and the joint ventures	<u>185,547</u>	<u>1</u>	<u>26,826</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>528,442</u>	<u>4</u>	<u>544,521</u>	<u>4</u>
7900 <b>Income before income tax</b>	748,109	6	448,968	3
7950 <b>Less: Income tax expenses (note 6(n))</b>	<u>251,518</u>	<u>2</u>	<u>111,186</u>	<u>1</u>
<b>Net income</b>	<u>496,591</u>	<u>4</u>	<u>337,782</u>	<u>2</u>
8300 <b>Other comprehensive income (note 6(n)):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	19,027	-	(44,989)	-
8330 Share of other comprehensive gains of subsidiaries, associates, and joint ventures accounted for under equity method	1,451	-	-	-
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>3,805</u>	<u>-</u>	<u>(8,998)</u>	<u>-</u>
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>16,673</u>	<u>-</u>	<u>(35,991)</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Foreign currency translation differences for foreign operations	266,866	2	(137,376)	(1)
8399 Less: income tax related to items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total items that will be reclassified subsequently to profit or loss</b>	<u>266,866</u>	<u>2</u>	<u>(137,376)</u>	<u>(1)</u>
8300 <b>Other comprehensive income (loss), net of tax</b>	<u>283,539</u>	<u>2</u>	<u>(173,367)</u>	<u>(1)</u>
8500 <b>Total comprehensive income</b>	<u>\$ 780,130</u>	<u>6</u>	<u>164,415</u>	<u>1</u>
<b>Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>				
9750 Basic earnings per share	\$ <u>1.25</u>		\$ <u>0.85</u>	
9850 Diluted earnings per share	\$ <u>1.25</u>		\$ <u>0.85</u>	

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**CHIN-POON INDUSTRIAL CO., LTD.**

**Parent Company Only Statements of Changes in Equity**

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

(All amounts expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings			Subtotal	Other equity Foreign currency translation differences for foreign operations	Total equity
			Legal reserve	Special reserve	Unappropriated earnings			
<b>Balance at January 1, 2021</b>	\$ 3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146
Appropriation and distribution:								
Legal reserve	-	-	5,060	-	(5,060)	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415
Changes in the ownership interests in subsidiaries	-	40	-	-	-	-	-	40
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433
<b>Balance at December 31, 2021</b>	3,974,954	1,579,698	2,409,315	434,369	7,444,695	10,288,379	(571,745)	15,271,286
Appropriation and distribution:								
Legal reserve	-	-	30,179	-	(30,179)	-	-	-
Special reserve	-	-	-	137,376	(137,376)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	496,591	496,591	-	496,591
Other comprehensive income for the year	-	-	-	-	16,673	16,673	266,866	283,539
Total comprehensive income for the year	-	-	-	-	513,264	513,264	266,866	780,130
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	439	-	-	-	-	-	439
<b>Balance at December 31, 2022</b>	\$ 3,974,954	1,580,137	2,439,494	571,745	7,591,656	10,602,895	(304,879)	15,853,107

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	2022	2021
<b>Cash flows from operating activities:</b>		
Income before tax	\$ 748,109	448,968
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss</b>		
Depreciation expenses	607,884	602,488
Expected credit losses (reversal of expected credit losses)	(3,979)	6,335
Net gains on financial assets measured at fair value through profit or loss	(4,274)	(378)
Interest expense	23,597	15,231
Interest income	(21,396)	(16,338)
Share of profits of subsidiaries, associates and joint ventures accounts for under equity method	(185,547)	(26,826)
Losses on disposal of property, plant and equipment	1,288	1,353
Unrealized losses (gains) on foreign exchange	(7,789)	15,220
Gain on lease modification	(92)	-
Total adjustments to reconcile profit and loss	<u>409,692</u>	<u>597,085</u>
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	-	7,735
Accounts receivable	279,898	(612,057)
Accounts receivable—related parties	5,636	4,196
Other receivables	53,632	(17,591)
Other receivables—related parties	(63,412)	820
Inventories	119,128	(791,863)
Prepayments	(5,110)	(2,672)
Other current assets	12,514	25,188
Total net changes in operating assets	<u>402,286</u>	<u>(1,386,244)</u>
Net changes in operating liabilities:		
Notes payable	(178,363)	331,700
Accounts payable	(282,540)	42,884
Accounts payable—related parties	100,341	244,460
Other payable	(21,336)	(38,038)
Other current liabilities	(16,923)	(20,979)
Net defined benefit liability	(12,197)	(12,405)
Total net changes in operating liabilities	<u>(411,018)</u>	<u>547,622</u>
Total net changes in operating assets and liabilities	<u>(8,732)</u>	<u>(838,622)</u>
Total adjustments	<u>400,960</u>	<u>(241,537)</u>
Cash inflow generated from operations	1,149,069	207,431
Interest income received	21,329	16,150
Interest paid	(18,601)	(16,156)
Income tax received (paid)	<u>(31,086)</u>	<u>47,824</u>
<b>Net cash flows from operating activities</b>	<u>1,120,711</u>	<u>255,249</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets measured at fair value through profit or loss	(2,300,000)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	450,000	201,051
Acquisition of investments accounted for under equity method	-	(261,228)
Acquisition of property, plant and equipment	(266,167)	(104,066)
Proceeds from disposal of property, plant and equipment	2,965	831
Decrease in other financial assets—non-current	118,265	227,677
Increase in prepayments for equipment	(994)	(77,613)
<b>Net cash flows used in investing activities</b>	<u>(1,995,931)</u>	<u>(13,348)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,901,671	3,030,178
Decrease in short-term loans	(2,194,470)	(3,083,220)
Payment of lease liabilities	(55,916)	(49,541)
Cash dividends paid	(198,748)	(198,748)
<b>Net cash flows used in financing activities</b>	<u>(547,463)</u>	<u>(301,331)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,422,683)</u>	<u>(59,430)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>3,109,360</u>	<u>3,168,790</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,686,677</u>	<u>3,109,360</u>

# **ARTICLES OF INCORPORATION OF CHIN-POON INDUSTRIAL CO., LTD.**

## **Chapter One General Provisions**

- Article 1 The Company shall be incorporated under the Company Act. The company is named "CHIN-POON INDUSTRIAL CO., LTD".
- Article 2 The scope of business shall be as follow:
1. CC01080: Electronic Parts and Components Manufacturing.
  2. CQ01010: Die Manufacturing.
  3. F401010: International Trade.
  4. I301010: Software Design Services.
  5. F213030: Retail sale of Computing and Business Machinery Equipment.
  6. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2.1 The Company may make endorsements or provide guarantees for others in accordance with the Operational Procedures for making endorsements or providing guarantees.
- Article 2.2 The total amount of the Company's domestic and foreign business investments may not be subject to the restrictions on the amount of total investment by the Company Act, but shall not exceed twice the amount of paid-in capital.
- Article 3 The Company shall set up its headquarters in Taoyuan City of Taiwan Province. Whenever necessary, branch companies or offices may be set up at any domestic or foreign locations by decision of the Board of Directors.
- Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act and the rules and regulations of the securities regulatory agency.

## **Chapter Two Shares**

- Article 5 The total capital amount of the Company shall be four billion and five hundred million New Taiwan Dollars accounting for four hundred and fifty million shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. Board of Directors is authorized to issue the unissued shares in installments.
- Article 6 The share of the Company shall be registered share. The company may

be exempted from printing any share certificate for the shares issued. If the Company prints share certificates, it shall do so in accordance with the provisions of the Company Act and other relevant laws of the Republic of China.

Article 7 The handling of stock affairs of the Company shall comply with applicable regulations and rules by the supervising authorities.

Article 8 The entries in its shareholders' roster shall not be altered 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 reference date set by the issuing company for distribution of dividends, bonus or other benefits.

### **Chapter Three Shareholders' Meeting**

Article 9 Shareholders' meeting shall be of two types, namely regular and special shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each fiscal year and the latter shall be convened in accordance with laws whenever necessary.

Article 10 In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy to delegate his representative to the Meeting in accordance with Article 177 of Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 11 When the Shareholders' meeting is convened by the Board of Directors (BOD), the Chairperson of the board shall act as the Shareholders' Meeting Chairperson. In the absence of the Chairperson of the board, delegation of the Acting chairperson shall be made in accordance with Article 208, paragraph 3 of the Company Act. When the Shareholders' meeting is convened by any competent person beyond the BOD, the Shareholders' meeting Chairperson shall be acted by such competent person. Provided there are two or more such competent persons, they shall elect one person among themselves to act as the Shareholders' meeting Chairperson.

Article 12 Except otherwise ruled by the applicable regulations, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 13 Except otherwise ruled by the Company Act or other applicable regulations, any resolution to be passed by the Shareholders' meeting shall require a quorum of shareholders representing over half the number of issued stock shares, and be approved by over half the number of attending shareholders with the voting rights. According to regulatory

requirements, shareholders may also vote via an electronic voting system. Those who vote via an electronic voting system shall be deemed as attending the shareholders' meeting in person. The matters with regard to electronic voting shall be conducted in accordance with the applicable laws and regulations.

Article 14 Any resolutions made at the Shareholders' meeting shall be recorded in the Meeting Minutes, which shall clearly record the date and place of the meeting, the name of the chairperson, the resolution method, the main points and results of the discussion process, the number of attending shareholder and their voting rights. The Minutes shall be signed or sealed by the Chairperson within 20 days after the meeting and processed in accordance with Article 183 of the Company Act.

The meeting minutes shall be maintained in the company together with the record containing signatures of the shareholders attending the meeting and the proxy statements.

#### **Chapter Four Directors and Audit Committee**

Article 15 The Company shall have nine (9) Directors and an Audit Committee for a term of three (3) years, who shall be elected under candidates nomination system as specified in Article 192-1 of the Company Act ,and shall be persons with disposing capacity, and be elected and appointed by the Shareholders' Meeting. The term may be renewed upon re-election.

There shall be three (3) Independent Directors among all elected directors. Independent directors shall be elected under candidate nominating system. The shareholders shall elect the Independent Directors from among the nominees listed in the roster of Independent Director Candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, method of nominating and electing, and other requirements with regard to the independent directors shall be governed in accordance with the rules and regulations of the regulatory agencies.

The elected Directors may pass the resolution of the Board of the Company to have the liability insurance coverage within the scope of their duties.

Article 15.1 The Company shall establish an Audit Committee in accordance with Article 14.4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The exercising authority and matters relevant to the audit committee and its members shall be governed in accordance with the rules and regulations of the regulatory agencies.

- Article 16 In the absence of more than one third of the total number of Directors, the BOD shall call a special Shareholders' Meeting within 60 days for re-election of their replacements, who shall continue to serve their remaining terms.
- Article 17 Provided no re-election is possible at the time when the term of Directors expires, their term may be extended until the date when new Directors are elected.
- Article 18 The board of directors shall elect a chairperson of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. Election of the Vice Chairperson shall follow the same rule of electing the Chairperson. Each director shall attend the meeting of the board of directors in person. A director may be represented by another director.
- Article 19 Except for the first Board Meeting of each term, which shall be convened per Article 203 of Company Act, the remaining Board Meetings shall be called and presided over by the Chairperson of the board. When the Chairperson of the board is on leave or for any reason unable to fulfill his/her duty as the chairperson, the proxy shall be appointed in accordance with Article 208 of the Company Act.
- Article 19.1 In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of meeting of Board to be convened should be given to the directors in writing, by e-mail or by fax.
- Article 20 Any resolution by the BOD, except otherwise ruled by the Company Act, shall require a meeting attendance by over half the number of total Directors, and an approval by over half the attending Directors. Provided any Director cannot attend the Board Meeting due to any reason, he/she shall issue a written proxy, clearly stating the scope of authorized powers. A director may accept the appointment to act as the proxy of one other director only.
- Article 21 For any issues discussed at the Board Meeting, they shall be recorded in a meeting minute, which shall be signed and sealed by the Chairperson, and be distributed to all Directors in the following twenty (20) days. The meeting minutes shall record a summary of the essential points of the proceedings and the results of the meeting. The meeting Minutes, as well as the attendance list bearing the signatures of Directors present at the meeting and the powers of attorney of the proxies shall be kept by the



Company.

- Article 22 All Directors of the Company shall be paid a certain amount of traveling fees. Provided any Director is concurrently acting other positions of the Company, he/she shall be paid a salary per normal standards.

### **Chapter Five Managers**

- Article 23 The Company may have a number of managers and one General Manager. The appointment and dismissal of managers, and their compensation and benefits shall be decided per Article 29 of the Company Act.

### **Chapter Six Accounting**

- Article 24 At the end of each fiscal year, the BOD shall compile the following statements, which shall be submitted to the regular Shareholders' Meeting 30 days in advance, and apply for approval by the Shareholders' Meeting after verification by the Audit Committee:

- I. the business report;
- II. the financial statements; and
- III. the surplus earnings distribution or loss make-up proposal.

- Article 25 When the Company makes profits in a year, 2%~10% of the yearly profits shall be allocated for employee bonuses, and not more than 3% of the yearly profits for the remuneration of directors. However, when the company has accumulated losses, the profit shall be used to cover the accumulated losses beforehand. The employees for bonus distribution shall include qualified employees of subsidiary companies.

- Article 26 Should there be any remaining earnings after making the final settlement of account every year and after allocating for tax payments according to laws, they shall first be used to cover accumulated losses, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, a special reserve can be allocated because of operational consideration and regulatory imperatives. Among the rest of the remaining earnings of the yearly profits, the dividends or bonuses to shareholders shall range from 20% to 80%, The rest is unallocated remaining earnings and will be added to the remaining earnings of previous years. The board can make a proposal of distributing those remaining earnings for the Shareholders' Meeting to approve.

Article 26.1 The dividend policy shall take into consideration the actual business environment and stage of business growth. The BOD shall prepare and submit the specific distribution plans for implementation after approval by the Shareholders' Meeting, in view of future fund needs and the financial plans under the optimal principle of cash dividend and stock dividend. The cash dividend shall not be less than 20% of the total current-time Distribution, and shall not be less than 50% of the total current-time Distribution if the Company can acquire enough external financing. The actual distribution amount, category and proportions of the earnings shall be decided and adjusted per actual profitability and capital status and be resolved by the Shareholders' Meeting.

### **Chapter Seven Appendix**

Article 27 The regulations governing the organizations of the Company and the rules on all kinds of operational procedures shall be separately decided by the BOD.

Article 28 For any other issues unstated herein, the Company Act and applicable regulations shall govern.

Article 29 These Articles of Association were enacted on Aug. 11, 1979 and amended  
on Aug. 26, 1979 for the first time,  
on Sep 11, 1979 for the second time,  
on Jan. 13, 1981 for the third time,  
on Aug. 2, 1983 for the fourth time,  
on Oct. 15, 1985 for the fifth time,  
on Nov. 15, 1986 for the sixth time,  
on Apr. 22, 1987 for the seventh time,  
on Nov. 20, 1987 for the eighth time,  
on Jan. 9, 1988 for the ninth time,  
on Nov. 1, 1989 for the tenth time,  
on May 2, 1990 for the eleventh time,  
on May 12, 1991 for the twelfth time,  
on May 23, 1992 for the thirteenth time,  
on May 16, 1993 for the fourteenth time,  
on May 7, 1995 for the fifteenth time,  
on May 19, 1996 for the sixteenth time,  
on Sep 14, 1996 for the seventeenth time,  
on Apr. 30, 1997 for the eighteenth time,  
on Jun. 9, 1999 for the nineteenth time,

on May 23, 2000 for the twentieth time,  
on Apr. 25, 2001 for the twenty-first time,  
on May 31, 2002 for the twenty-second time,  
on May 31, 2002 for the twenty-third time,  
on Jun. 13, 2003 for the twenty-fourth time,  
on Jun. 15, 2004 for the twenty-fifth time,  
on May 18, 2005 for the twenty-sixth time,  
on Jun. 13, 2007 for the twenty-seventh time,  
on Jun. 16, 2009 for the twenty-eighth time,  
on Jun. 15, 2010 for the twenty-ninth time,  
on Jun. 28, 2012 for the thirtieth time,  
on Jun. 24, 2015 for the thirty-first time,  
on Jun. 14, 2016 for the thirty-second time,  
on Jun. 22, 2017 for the thirty-third time,  
on Jun. 27, 2019 for the thirty-fourth time,  
and on Jun. 23, 2020 for the thirty-fifth time.

## Appendix 3

# CHIN-POON INDUSTRIAL CO., LTD.

## Ethical Corporate Management Best Practice Principles

### Article 1

(Purpose of Adoption and Scope of Application)

#### Article 1

- 1.1 These Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development, and offer a framework for establishing good commercial practices.
- 1.2 These Principles are applicable to the Company's business groups and organizations, which comprise its subsidiaries, any foundation to which its direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by it.

### Article 2

(Prohibition of Unethical Conduct)

- 2.1 When engaging in commercial activities, directors, managers, employees, and mandataries of The Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- 2.2 Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or substantial controllers or other stakeholders.

### Article 3

(Types of Benefits)

- 3.1 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

## Article 4

### (Compliance with Laws and Regulations)

- 4.1 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

## Article 5

### (Policy)

- 5.1 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

## Article 6

### (Prevention Programs)

- 6.1 The Company shall in their own ethical management policy clearly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.
- 6.2 When establishing the prevention programs, The Company shall comply with relevant laws and regulations of the territory where it and its business group are operating.
- 6.3 In the course of developing the prevention programs, The Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

## Article 7

### (Scope of Prevention Programs)

- 7.1 The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess its business activities on a regular basis within its business scope, which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.
- 7.2 The Company shall refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:
1. Offering and acceptance of bribes.

2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

## Article 8

### (Commitment and Implementation)

- 8.1 The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.
- 8.2 The Company shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.
- 8.3 The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

## Article 9

### (Commercial Activities on the Principle of Ethical Management)

- 9.1 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.
- 9.2 Prior to any commercial transactions, The Company shall take into consideration the legality of their agents, suppliers, customers, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.
- 9.3 When entering into contracts with their agents, suppliers, customers, or other trading counterparties, The Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

## Article 10

(Prohibition from Offering and Accepting Improper Benefits)

10.1 When conducting business, The Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from customers, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11

(Prohibition of Illegal Political Donations)

11.1 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12

(Prohibition of Improper Charitable Donations or Sponsorships)

12.1 When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

(Prohibition of Unreasonable Presents, Hospitality or Other Improper Benefits)

13.1 The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14

(Prohibition of Infringement of Intellectual Property Rights)

14.1 The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15

(Prohibition of Unfair Competition)

- 15.1 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 16

##### (Preventing Products or Services from Harming Interested Parties)

- 16.1 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

#### Article 17

##### (Organization and Responsibilities)

- 17.1 The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.
- 17.2 To achieve sound ethical corporate management, the Company shall designate chief corporate governance officer as a dedicated unit to be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):
1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
  2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard



operating procedures and conduct guidelines with respect to the company's operations and business.

3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

#### Article 18

(Compliance with Laws and Regulations When Conducting Business)

- 18.1 The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 19

(Prevention of Conflicts of Interest)

- 19.1 The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.
- 19.2 When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.
- 19.3 The Company' directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents,

children or any other person.

## Article 20

### (Accounting and Internal Control)

- 20.1 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.
- 20.2 The internal auditors of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs. The internal auditors may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.
- 20.3 The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

## Article 21

### (Operational Procedures and Conduct Guidelines)

- 21.1 The Company shall establish operational procedures and conduct guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should contain the following matters:
1. Standards for determining whether improper benefits have been offered or accepted.
  2. Procedures for offering legitimate political donations.
  3. Procedures of and the legitimate amount for offering charitable donations or sponsorship.
  4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
  5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
  6. Regulations and procedures for dealing with suppliers, customers and business transaction counterparties suspected of unethical conduct.
  7. Handling procedures for violations of these Principles.
  8. Disciplinary measures on offenders.

## Article 22

### (Education Training and Assessment)

- 22.1 The chairperson, general manager, or senior management of the Company shall

- communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.
- 22.2 The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and all of its business units shall communicate with their commercial transaction counterparties so they understand the Companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.
- 22.3 The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

## Article 23

### (Whistle-Blowing System)

- 23.1 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:
1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
  2. Chief corporate governance officer appointed as a dedicated unit to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
  3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
  4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
  5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and acceptance of anonymous whistle-blowing.
  6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
  7. Whistle-blowing incentive measures.
- 23.2 When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, chief corporate governance officer handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

## Article 24

### (Disciplinary and Appeal System)

24.1 The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on its internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

## Article 25

### (Information Disclosure)

25.1 The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

## Article 26

### (Review and Revision of Ethical Management Policies and Measures)

26.1 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the current ethical corporate management policies and measures will be reviewed and improved with a view to achieving better implementation of ethical management.

## Article 27

### (Implementation)

- 27.1 The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the audit committee and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.
- 27.2 When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 28

(Reference Documents)

28.1 Procedures for Ethical Management and Guidelines for Conduct (Document Number: IR00-1022-XX)

Article 29

(Establishment and Amendment)

29.1 The Procedures were enacted on September 16, 2011 and amended on November 13, 2017, and on November 9, 2022.

## Appendix 4

### CHIN-POON INDUSTRIAL CO., LTD.

## Procedures for Ethical Management and Guidelines for Conduct

### Article 1

(Purpose of adoption and scope of application)

- 1.1 This Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. And in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where This Company and its business groups and organizations operate, with a view to providing all personnel of This Company with clear directions for the performance of their duties.
- 1.2 The scope of application of the Procedures and Guidelines includes the subsidiaries of This Company, any incorporated foundation in which This Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by This Company.

### Article 2

(Applicable subjects)

- 2.1 For the purposes of the Procedures and Guidelines, the term "personnel of This Company" refers to any director, independent director, supervisor, managerial officer, employee, mandatary or person having substantial control, of This Company or its group enterprises and organizations.
- 2.2 Any provision, promise, request, or acceptance of improper benefits by any personnel of This Company through a third party will be presumed to be an act by the personnel of This Company.

## Article 3

### (Unethical conduct)

- 3.1 For the purposes of the Procedures and Guidelines, "unethical conduct" means that any personnel of This Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.
- 3.2 The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, independent directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

## Article 4

### (Definitions)

- 4.1 For the purposes of the Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.
- 4.2 For the purposes of the Procedures and Guidelines, the term "benefits" does not include the following behaviors among our colleagues:
  1. Etiquette among friends and colleagues.
  2. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- 4.3 For the purposes of the Procedures and Guidelines, the term "relatives" refers to lineal blood relatives, relatives within the second degree (by blood or by marriage), the spouse, intimate partners, cohabitants, etc.
- 4.4 For the purposes of the Procedures and Guidelines, the term "counterparty" refers to agents, suppliers, customers or other business partners.

## Article 5

### (Responsible unit and duties)

- 5.1 This Company shall designate the Chief Corporate Governance Officer as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to the Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:
  1. Assisting in incorporating ethics and moral values into This Company's

business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

2. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to This Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

## Article 6

(Prohibition against providing or accepting improper benefits)

- 6.1 When the given personnel of This Company provides, accepts, promises, or requests, directly or indirectly, any benefits as specified in Article 4, his or her conduct shall be under one of the following circumstances and shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the Procedures and Guidelines, and the relevant procedures shall have been carried out:
1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
  2. The conduct has its basis in ordinary social activities in which he or she attends or invites others to attend in line with accepted social custom, commercial purposes, or developing relationships.
  3. Commercial activities or factory visits in relation to business needs,



whether he or she attends or invites others to attend, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.

4. Attendance at folk festivals that are open to the general public.
  5. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or relatives.
  6. Other conduct that complies with the rules of This Company.
- 6.2 When the personnel of This Company directly or indirectly provide or promise the benefits stipulated in Article 4 in accordance with the provisions of 6.1, the entertainment expenses for business-related courtesies and departmental dinners shall be reimbursed by payment vouchers in accordance with the Rules on the Division of Responsibility and the Architecture of Authority, and the entertainment expenses beyond business-related courtesies and departmental dinners shall be approved by the chairperson in advance with an application form. The reimbursement of the entertainment expenses shall be applied within one week. If the overseas business trips are involved, the reimbursement of the entertainment expenses can be applied together with the travel expenses. The chairperson shall report the relevant entertainment expenses to the board of directors on a regular basis.
- 6.3 The personnel of This Company can directly or indirectly receive the benefits stipulated in Article 4 in accordance with the provisions of 6.1, the value of which shall be limited to not more than NT\$5,000.

## Article 7

(Procedures for handling the acceptance of benefits)

- 7.1 When any personnel of This Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:
1. Any benefit valued at less than NT\$5,000 shall be reported to the immediate supervisor, who shall decide how to handle the property. However, this does not apply if the benefit received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or relatives does not exceed NT\$5,000.
  2. If the market value of any received benefit exceeds NT\$5,000, the benefit shall be returned or rejected and reported to the immediate supervisor.
  3. The head of each department shall report its list of the received benefits on

the monthly basis to the Chief Corporate Governance Officer by the close of the first business day of the following month.

(Attachment 1)

## Article 8

(Prohibition of and handling procedure for facilitating payments)

- 8.1 This Company shall neither provide nor promise any facilitating payment.
- 8.2 If any personnel of This Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the Chief Corporate Governance Officer.
- 8.3 Upon receipt of the report under the preceding paragraph, the Chief Corporate Governance Officer shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the Chief Corporate Governance Officer shall also immediately report to the relevant judicial agency.

## Article 9

(Procedures for handling political contributions)

- 9.1 Political contributions by This Company shall be made in accordance with the following provisions, be reported to the chairperson for approval, and be reported to the Chief Corporate Governance Officer. When the amount of a contribution is more than NT\$100,000, it shall be made only after having been reported to and approved by the board of directors.
  1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country where the recipient is located, including the maximum amount and the form in which a contribution may be made.
  2. A written record of the decision-making process shall be kept.
  3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
  4. Political contributions which will engage This Company with the related government agencies on the matters of commercial dealings, applications for permits, or carrying out other matters involving the interests of This Company shall be avoided.

## Article 10

(Procedures for handling charitable donations or sponsorships)

- 10.1 Charitable donations or sponsorships by This Company shall be provided in accordance with the following provisions, be reported to the chairperson for

approval, and be reported to the Chief Corporate Governance Officer. When the amount is more than NT\$200,000, the donation or sponsorship shall be provided only after it has been submitted for approval by the board of directors.

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where This Company is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of This Company's commercial dealings or a party with which any personnel of This Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

## Article 11

### (Recusal)

- 11.1 When a director, independent director, supervisor, officer or other stakeholder of This Company attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, independent director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of This Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.
- 11.2 Where a director's spouse, a director's blood relative within the second degree of kinship, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.
- 11.3 If in the course of conducting company business, any personnel of This Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the Chief Corporate Governance Officer. And the immediate supervisor shall provide the

- personnel with proper instructions.
- 11.4 No personnel of This Company may use company resources on commercial activities other than those of This Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of This Company.

## Article 12

(Special unit in charge of confidentiality regime and its responsibilities)

- 12.1 This Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of This Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.
- 12.2 All personnel of This Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of This Company, which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of This Company unrelated to their individual duties.

## Article 13

(Prohibition against unfair competition)

- 13.1 This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

## Article 14

(Prevention of damage caused by products and services to stakeholders)

- 14.1 This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services, which it shall observe, and gather and publish all relevant guidelines to cause personnel of This Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.
- 14.2 This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

- 14.3 Where there are media reports, or sufficient facts to determine, that This Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, This Company shall immediately consult with its customers on the follow-up measures, verify the facts and present a review and improvement plan.
- 14.4 the Chief Corporate Governance Officer shall report to the board of directors the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken.

#### Article 15

(Prohibition against insider trading and non-disclosure agreement)

- 15.1 All personnel of This Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.
- 15.2 Any organization or person outside of This Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by This Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of This Company acquired as a result, and that they may not use such information without the prior consent of This Company.

#### Article 16

(Compliance and announcement of policy of ethical management)

- 16.1 This Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.
- 16.2 This Company shall disclose its policy of ethical management in its internal rules, annual reports, on This Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 17

(Ethical management evaluation prior to development of commercial relationships)

- 17.1 Before developing a commercial relationship with another party, such as an

- agent, supplier, customer, or other counterparty in commercial dealings, This Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.
- 17.2 When This Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:
1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
  2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
  3. Whether enterprise's business operations are located in a country with a high risk of corruption.
  4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
  5. The long-term business condition and degree of goodwill of the enterprise.
  6. Consultation with the enterprise's business partners on their opinion of the enterprise.
  7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

#### Article 18

(Statement of ethical management policy to counterparties in commercial dealings)

- 18.1 Any personnel of This Company, when engaging in commercial activities, shall ask the trading counterparty to issue a statement in Attachment 2, shall make a statement to the counterparty about This Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

#### Article 19

(Avoidance of commercial dealings with unethical operators)

- 19.1 All personnel of This Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement This Company's ethical management policy.

## Article 20

### (Stipulation of terms of ethical management in contracts)

20.1 Before entering into a contract with another party, This Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of This Company a part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party any and all damages (including but not limited to price difference, re-purchase of materials, all losses caused by defective products, attorney's fees, appraisal fees, court costs, lost profits), and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

## Article 21

### (Potential Conflict of Interest - Reporting Obligations)

21.1 In performing This Company's business, the personnel of This Company shall avoid any situation that may create a conflict between their personal interests and This Company's interests. If he or she identifies a conflict of interest or a situation that may result in direct or indirect benefit to himself or herself, his or her relatives, or those with whom he or she has an interest, or an appearance that may constitute a conflict of interest, he or she shall take the initiative to report it to the Chief Corporate Governance Officer and immediate supervisors in the form of Attachment 3. The above circumstances include, but are not limited to:

1. The personnel of This Company or his or her relatives have contractual relationships or direct or indirect financial dealings with counterparties or their competing companies.

2. The activities of This Company's personnel outside of This Company create direct or indirect competition with This Company's business, or may have any possible impediment to work performance of the Company's personnel and to fulfillment of their responsibilities.
  3. The personnel of This Company shall not use This Company's resources (including but not limited to items, property, information, titles and other tangible and intangible assets) to engage in their own business or assist others' activities outside This Company without the permission of their immediate supervisors or the Chief Corporate Governance Officer of This Company.
  4. The personnel of This Company or his or her relatives have a relationship of kinship with counterparties or their competing companies.
  5. The personnel of This Company or his or her relatives have social activities with counterparties or their competing companies, which are not required for This Company's business needs.
- 21.2 The personnel of This Company, including all personnel with the title of section chief or above, and all personnel in the department of Procurement, Outsourcing, Process Engineering, Utilities, Maintenances, IT, Technology, Sales, Finance, and Administration shall report any potential conflict of interest in the form of Attachment 3 during participation of the annual training.
- 21.3 Those who have disclosed information in This Company's annual report are not required to report in accordance with this article.

## Article 22

(Handling of unethical conduct by personnel of This Company)

- 22.1 As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, This Company will grant a reward of not more than NT\$ 500 depending the seriousness of the circumstance concerned after the disclosed facts have been verified. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.
- 22.2 This Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of This Company to submit reports. A whistleblower shall at least furnish the following information:
1. The whistleblower's name and I.D. number, which is not necessary if whistleblowing reports may be submitted anonymously, and an address, telephone number and e-mail address where it can be reached.
  2. The informed party's name or other information sufficient to distinguish its identifying features.
  3. Specific facts available for investigation.



- 22.3 The Personnel of This Company in charge of handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.
- 22.4 The Chief Corporate Governance Officer shall observe the following procedure in handling whistleblowing matters:
1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
  2. The Chief Corporate Governance Officer and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
  3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or This Company's policy and regulations of ethical management, This Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, This Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek claims for the resulted damages to safeguard its reputation and its rights and interests.
  4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event that a suit in respect of the whistleblowing case is not finished after the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
  5. With respect to a confirmed information, This Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent their recurrence.
  6. The Chief Corporate Governance Officer shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

## Article 23

(Actions upon event of unethical conduct by others towards This Company)

- 23.1 If any personnel of This Company discovers that another party has engaged in unethical conduct towards This Company, and such unethical conduct involves alleged illegality, This Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, This Company shall additionally notify the governmental anti-

corruption agency.

#### Article 24

(Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

- 24.1 The Chief Corporate Governance Officer shall organize awareness sessions at least once each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. All personnel with the title of section chief or above, and all personnel in the department of Procurement, Outsourcing, Process Engineering, Utilities, Maintenances, IT, Technology, Sales, Finance, and Administration shall attend one of awareness sessions at least once each year.
- 24.2 This Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.
- 24.3 If the personnel of This Company or his or her relatives violate the "Procedures and Guidelines", This Company may give him or her the mark of warnings, minor demerits or major demerits, or sack him or her. He or she shall compensate the Company for any and all damages (including but not limited to price difference, re-purchase of materials, all losses caused by defective products, attorney's fees, appraisal fees, court costs, lost profits) if any damage is caused to the Company.
- 24.4 This Company shall disclose on its intranet website the name and title of the violator, the date and details of the violation, and the actions taken in response.

#### Article 25

(Enforcement)

- 25.1 The Procedures and Guidelines, and any amendments hereto, shall be implemented after approval by the board of directors, and shall be delivered to each independent director or supervisor and reported to the shareholders' meeting.
- 25.2 When the Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 26

(Establishment and Amendment)

26.1 The "Procedures and Guidelines" were established on September 23, 2022.

## CHIN-POON INDUSTRIAL CO., LTD.

### Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with applicable laws and regulations.
2. The shareholders referred to in The Rules and Procedures mean the shareholder attending the Meeting in person and the proxies of the shareholders unable to attend.
3. Shareholders attending the Meeting shall wear the attendance badges and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
4. Chairperson shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairperson may postpone the time for the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If no quorum can yet be constituted after two postponements but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act. The aforesaid tentative resolutions shall be executed in accordance with applicable provisions of the Company Act.  
If the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum during the process of the Meeting, the chairperson may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.
5. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.  
The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.  
Unless otherwise resolved at the Meeting, the chairperson cannot announce

adjournment of the Meeting before all the items (including special motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairperson and continue the Meeting in the same or other place after the Meeting is adjourned.

6. During the meeting, the chairperson may announce a recess in a time as appropriate. If all the items in the agenda are not resolved in the Meeting, a resolution may be adopted at a shareholders' meeting to defer or resume the Meeting within 5 days in accordance with Article 182 of the Company Act. In this case, the Company does not need to issue a public notice for that.
7. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with a summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairperson. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairperson, no shareholder shall interrupt the speeches of the other shareholders. Otherwise the chairperson shall stop such interruption.
8. Unless otherwise permitted by the chairperson, each shareholder shall not, for each discussion item, speak more than two times (not exceeding 3 minutes each time). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairperson may stop the speech of such shareholder. Other shareholders have the right to ask the chairperson to stop the speech of such shareholder.
9. The chairperson may announce to end the discussion of any resolution and go into voting if the Chairperson deems it appropriate.
10. Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

A shareholder shall be entitled to one vote for each share held. A shareholder may appoint a proxy to attend the Meeting on he/she/it behalf. With the exception of a trusted enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three (3) percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means.

When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting Notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her/its rights with respect to the special motions and any and all amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of special motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS).

11. The calculation of attendance and voting of the Meeting shall be based on the number of shares.
12. The venue for a shareholders' meeting shall be in the same city 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.
13. A shareholders' meeting shall be presided by the Chairperson of the Board if convened by the board of directors. In the event that the Chairperson of the Board is on leave or for whatever reason unable to perform his/her function in the meeting, the Vice Chairperson of the Board shall act in his/her stead. In case

- of no Vice Chairperson of the Board or in the event that the Vice Chairperson of the Board is on leave or for whatever reason unable to perform his/her function in the meeting, the Chairperson of the Board shall appoint a director to act in his/her stead. In the event that the Chairperson of the Board does not appoint a proxy, a director shall be elected from among themselves to preside the meeting. In the event that a shareholders' meeting is convened by an eligible convener beyond the board of directors, the meeting shall be presided by that convener.
14. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
  15. The process of the Meeting shall be tape-recorded or video-taped and these tapes shall be preserved for at least one year.
  16. If there is amendment to or substitute for a proposal, the chairperson shall decide the sequence of voting for such proposal, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
  17. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
  18. After the speech of a shareholder, the chairperson may respond by himself/herself or appoint an appropriate person to respond.
  19. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots for resolution of proposals or election of directors shall be appointed by the chairperson. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
  20. The chairperson may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
  21. In case of incident of force majeure, such as air strike, earthquake, fire and etc., the chairperson may immediately announce to stop or temporarily suspend the Meeting in order for all persons to evacuate from the dangerous places. The chairperson may announce a new schedule for the Meeting one hour later when the crisis is over.
  22. Any matter not provided in The Rules and Procedures shall be handled in accordance with applicable laws and regulations.
  23. The Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

## Appendix 6

### CHIN-POON INDUSTRIAL CO., LTD.

#### Shareholdings of All Directors

1. According to Article 26 of the Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares held by all directors other than independent directors shall be 15,899,817 shares.
2. The following table shows the shareholdings of all directors on the record date.

Title	Name	Election Date	Term	Shareholdings on the Election Date (Note 1)		Shareholdings on the Record Date of April 29, 2023 (Note 2)	
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Chairperson	TSENG-LIU, YU-CHIH	2020.6.23	3 years	9,603,279	2.42	9,603,279	2.42
Director	LIN, PI-CHI	2020.6.23	3 years	7,750,649	1.95	6,919,649	1.74
Director	TUNG, HSIAO-HUNG	2020.6.23	3 years	6,308,043	1.59	6,308,043	1.59
Director	HUANG, WEI-JIN	2020.6.23	3 years	13,238,409	3.33	11,238,409	2.83
Director	LAI, HWEI-SHAN	2020.6.23	3 years	6,283,114	1.58	6,283,114	1.58
Director	TSENG, WEN-YU	2020.6.23	3 years	5,546,357	1.40	5,546,357	1.40
Independent Director	CHEN, HSIANG-SHENG	2020.6.23	3 years	88,637	0.02	88,637	0.02
Independent Director	CHEN, SHI-SHU	2020.6.23	3 years	0	0	0	0
Independent Director	HSU, SUNG-TSAI	2020.6.23	3 years	1,242	0.00	1,242	0.00
	Total			48,819,730	12.29	45,988,730	11.58

Note 1: Total shares issued as of the record date were 397,495,420 Common Shares.

Note 2: The Company has set up an audit committee, so the Company is exempted from the requirement that the number of shares held by the supervisors shall not be less than a certain percentage.