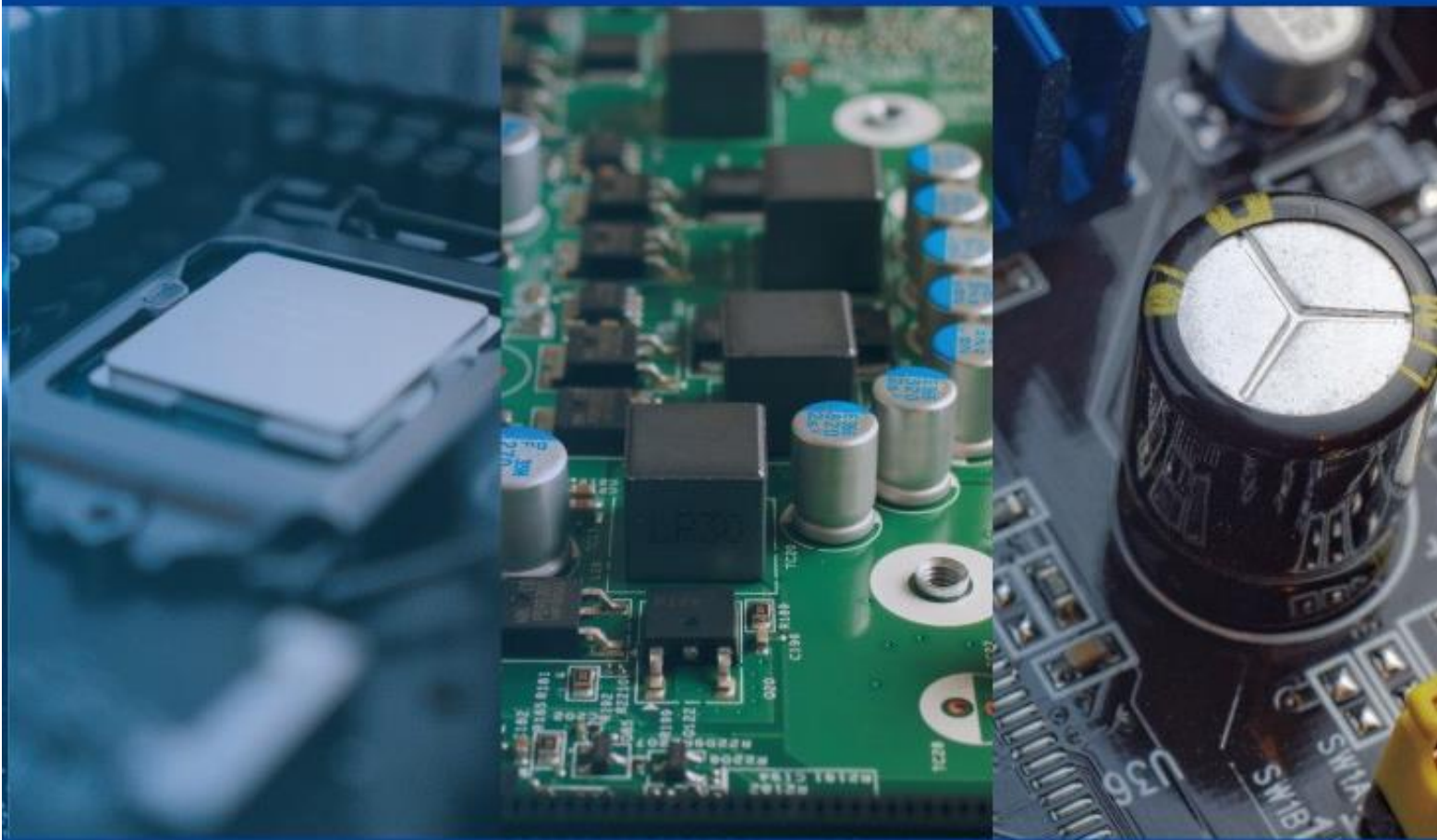


Stock code : 2472



立隆電子工業股份有限公司

Lelon Electronics Corp.



2023 Annual Meeting of Shareholders Handbook

MEETING TIME: 9:00 a.m., 21 June 2023 (Wednesday)
**Place: No. 147, Sec. 1, Guoguang Rd., Dali Dist.,
Taichung City**
(The first-floor conference room of the company)

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Lelon Electronics Corp.

2023 Annual Meeting of Shareholders

Procedure

I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation
(Company Reports)

IV. Proposals

V. Discussion

VI. Questions and Motions

VII. Adjournment



Lelon Electronics Corp.

Agenda of 2023 Annual Meeting of Shareholders

Meeting Time: 9:00 a.m. 21 June 2023 (Wednesday)

Place: No. 147, Sec. 1, Guoguang Rd., Dali Dist., Taichung City (The first-floor conference room of Lelon Electronics Corp. (hereinafter the Company”))

Type of Meeting: Physical Meeting

I. Call the Meeting to Order (Report the total number of shares represented at the meeting)

II. Chairperson Remarks

III. Management Presentations (Reports on Company Affairs)

- (I) 2022 Business Report.
- (II) 2022 Audit Committee’s Review Report.
- (III) 2022 Employee Compensation and Director Remuneration Distribution.
- (IV) Issue of Domestic Unsecured Corporate Bonds.
- (V) Private Placements of Securities.

IV. Proposals

- (I) Adoption of the 2022 Business Report and Financial Statements.
- (II) Adoption of the Proposal for Distribution of 2022 Profits.

V. Discussions

- (I) Proposal of Release of the Prohibition on Directors from Participation in Competitive Business.
- (II) Proposal of Private Placements of Capital injection

VI. Questions and Motions

VII. Adjournment



★ Management Presentations (Reports on Company Affairs)

I. 2022 Business Reports.

Explanation: The 2022 Business Report is attached at pp. 9-12.

II. 2022 Audit Committee's Review Report.

Explanation: The Audit Committee's Review Report is attached at p. 13.

III. The Status of 2022 Employee Compensation and Director Remuneration Distribution.

Explanation: 1. According to the Company's Articles of Incorporation, if the Company has earnings after the annual account settlement, no less than 2% shall be allocated for employee compensation, and no more than 4% shall be allocated for director remuneration.

2. In consideration of the current operation and profitability of the company, as recommended by the 5th Remuneration Committee during the 3rd session, it is proposed to allocate 3.66% for employee compensation in the amount of NT\$52,262,248, and 1.80% for director remuneration in the amount of NT\$25,702,745, totaling NT\$77,964,993 in cash. The disbursement will be authorized to the Chairman for full discretion on the payment date.

3. A total of NT\$78,017,888 has been allocated for employee compensation and director remuneration in 2022. The difference between the allocated and disbursed amount is NT\$52,895, which will be reversed as expenses for 2023.

IV. Issue of Domestic Unsecured Corporate Bonds.

Explanation: The status of the issue of domestic unsecured corporate bonds by the company is attached at p. 14.

V. Private Placements of Securities.

Explanation: 1. As resolved in the meeting of shareholder on 29 June 2022, the Board is authorized by the members in the general meeting with full power to handle matters pertaining to the capital increase by two private placements of common shares for cash consideration within one year from the date of the meeting of shareholder, up to a limit of 16,300,000 shares.

2. The previously planned private placement of 16,300,000 common shares will not be carried out, in consideration of the deadline for the private placement that is approaching (up to 28 June 2023).



★ Proposals

1. (Proposed by the Board)

Proposal: Adoption of the 2022 Business Report and Financial Statements.

Explanation: 1. The Company's 2022 parent only financial statements and consolidated financial statements have been prepared by the Board and were audited by CPAs, Yu Ting Huang and Ming Hung Chen of EY Taiwan. Also, the business report and financial statements have been submitted to the Audit Committee for review. A written review report has been issued.

2. The business report is attached in the meeting agenda, pp. 9-12 and independent auditors' report, the parent only financial statements and consolidated financial statements are attached in the meeting agenda, pp. 15-34.

3. Please ratify the proposal.

Resolution:

2. (Proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2022 Profits.

Explanation: 1. The 2022 Profit Distribution Table is attached as Attachment VIII. Based on the number of outstanding shares of 164,239,947 (excluding the 10,000 shares bought back by the Company) as at the end of February, a cash dividend of NT\$3.5 per share will be distributed to shareholders, with a total dividend payment of NT\$574,839,815. The ex-dividend date and related matters are authorized to be handled by the Chairman with full discretion.

2. The dividend payout ratio may be affected by changes in the number of outstanding shares due to factors such as cash capital increase by issuance of new shares, buyback of the company's shares, transfer of treasury shares to employees, conversion of convertible corporate bonds, or exercise of employee stock options. The dividend payout ratio and related matters are authorized to be handled by the Chairman with full discretion.

3. The cash dividends are calculated on a proportional basis up to the dollar amount, with the amount below the dollar amount being rounded off and the total amount of fractional amounts less than one dollar being adjusted from the largest to the smallest decimal point and from the first to the last account number in order to reflect the total amount of cash dividends distributed.

4. Please ratify the proposal.

Resolution:



★ Discussions

1. (Proposed by the Board)

Proposal: Proposal for Release of the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation:1. According to Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.

2. Proposal for release of the prohibition on directors from participation in competitive business in order to leverage the expertise and relevant experience of the directors to fulfill various business operations. The details of the new directors and their participation in competitive business are as follows:

Title	Name	Release the Prohibition
Director	Xing-Shu Ke	Serving as an independent director of Universal Microelectronics Co., Ltd.
Independent Director	Jimmy Ou	Serving as chairman of Photonicore Technologies Co., Ltd.
Independent Director	C. Y. Wei	Serving as a director of MUtek Electronics Co.,Ltd.

3. Please make a resolution.

Resolution:

2. (Proposed by the Board)

Proposal: Proposal of Private Placements of Capital injection. Please proceed to discuss.

Explanation:1. In order to respond to the operational growth, strengthen the company's financial structure, diversify and increase the flexibility of fundraising channels, the Company proposes to the meeting of shareholders to authorize the Board of Directors to raise medium-to-long-term funds through private placement of common shares, subject to market conditions and the company's funding needs, in accordance with the company's articles of incorporation, relevant laws and regulations, and the principles outlined below. The following is an explanation of the methods, content, and principles for the authorization of the Board of Directors to handle the private placement of securities:



(1) The maximum number of common shares for the private placement is 16,400,000 shares, with a par value of NT\$10 per share. The private placement will be conducted in accordance with Article 43-6 of the Securities and Exchange Act and the “Directions for Public Companies Conducting Private Placements of Securities”:

A. The basis and reasonableness of the private placement pricing

(a) The issuance price for the offering will be no less than 80% of the higher of the two calculated prices based on the following criteria, and shall not be lower than the par value of NT\$10 per share:

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

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

(b) The actual issuance price of the common shares in the private placement will be based on no less than 80% of the reference price. The actual pricing date and the actual private placement price will be determined by the Board of Directors within the range authorized by the resolution of the general meeting of shareholders, taking into account the circumstances of specific persons and the market conditions in the future.

(c) The reasonableness of the private placement pricing: The determination of the aforementioned price is based on reference to the company's share price and complies with the “Directions for Public Companies Conducting Private Placements of Securities” while taking into account the three-year transfer restriction on privately placed securities. Therefore, it should be considered reasonable.

B. The method for selecting the specific persons, the purpose, the reasons for the necessity and the anticipated benefits:

(a) The method for selecting the placees and the purpose:

The target of this private placement is limited to specific persons under Article 43-6 of the Securities and Exchange Act, who must be strategic investors that can bring benefits to the Company's long-term development, competitiveness, and existing shareholders' interests. However, there are currently no designated placees, and the matters related to the selection of



specific persons will be fully authorized by the Board of Directors, subject to the approval of the shareholders' meeting.

- (b) The reasons for the necessity and the expected benefits for selecting the placees:

The selection of prospective placees for the private placement is aimed at introducing strategic investment to meet the company's operational development. The selection of prospective placees will prioritize those who can provide benefits to the company's future operations. Specifically, the Company will choose strategic placees who can help the company develop markets, sell products, and engage in technology cooperation, as well as those who can inject profits into the company and have a positive impact on shareholder interests.

- C. The reasons for the necessity of conducting the private placement:

- (a) The reasons for not using a public offering: Taking into account the expediency and simplicity of private placement, in order to achieve the purpose of introducing strategic investors and considering the three-year transfer restriction on privately placed securities, private placements can further ensure a long-term cooperative relationship between the company and strategic investors. Additionally, authorizing the board of directors to carry out private placement according to the actual operational needs of the company will also effectively enhance the flexibility and agility of the company's fundraising.

- (b) The limit on the private placement: A maximum of 16,400,000 shares of common share shall be allowed.

- (c) The use of the funds raised by the private placement, and the anticipated benefits: The expected use of funds for the fundraising plan is to repay loans, enhance working capital, and improve financial structure. The private placement will be conducted in two closings within one year from the date of the shareholder meeting's resolution. The expected use of funds and benefits to be achieved for each closing of the private placement are as follows:

Anticipated number of closings	The expected number of privately placed shares.	The use of the funds for each closing of the private placement	The anticipated benefits for each closing
1 st closing	8,200,000 shares	To repay loans, enhance working capital, and improve financial structure	To repay loans and increase working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.
2 nd closing	8,200,000 shares	To repay loans, enhance working capital, and improve financial structure	To repay loans and increase working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.



-
- (2) The rights and obligations of the privately placed common shares in this offering are generally the same as those of the Company's currently issued common shares. However, the transfer of the privately placed common shares shall be subject to Article 43-8 of the Securities and Exchange Act within three years from the delivery date of the privately placed shares. After the completion of three years from the delivery date of the privately placed common shares, the Company plans to apply for public issuance and listing of the privately placed common shares in accordance with the Securities and Exchange Act and other applicable laws and regulations.
 - (3) The main contents of the private placement plan for the issuance of common shares include the actual issue price, number of shares, the terms of issuance, amount of private placement, record date for capital increase, planned items, expected progress, anticipated benefits, and other matters not yet specified. In addition, if there are any changes in the future due to regulatory authorities or objective environmental factors, the Board of Directors will be authorized by the meeting of shareholders to handle the matter in accordance with relevant regulations, except the shareholders' meeting may not grant discretionary authorization to the board of directors or the chairman of the board to set the percentage for the private placement pricing.
 - (4) In addition to the above authorization, it is proposed to request that the shareholders' meeting authorize the chairman of the board or a designated person to represent the company in signing, negotiating, and changing all contracts and documents related to the private placement of common shares, and to authorize the chairman of the board to handle all other matters related to the private placement of common shares that are not covered by the above authorization.

2. Please make a resolution.

Resolution:

✧ Questions and Motions

✧ Adjournment



Attachment I

Lelon Electronics Corp.
2022 Business Report

I. 2022 operating results

1. Implementation of the 2022 Business Plan

The Company's revenue for 2022 was NT\$3,859,967 thousand, representing an increase of NT\$627,140 thousand or 19.4% compared to the revenue of NT\$3,232,827 thousand for 2021. The net profit after tax for 2022 was NT\$1,230,167 thousand, representing an increase of NT\$248,602 thousand compared to the net profit after tax of NT\$981,565 thousand for 2021.

The consolidated revenue for 2022 was NT\$10,347,189 thousand, representing an increase of NT\$390,016 thousand or 3.9% compared to the revenue of NT\$9,957,173 thousand in 2021. The net profit after tax for 2022 was NT\$1,732,763 thousand, which increased by NT\$257,920 thousand compared to the net profit after tax of NT\$1,474,843 thousand in 2021.

2. 2022 Budget Implementation

The Company did not disclose a financial forecast for 2022. The actual operating results for the year are presented in the following table:

Unit: NT\$ Thousands

Item	2022 Actual Amount (Parent Only)	2022 Actual Amount (Consolidated)
Operating Revenue	3,859,967	10,347,189
Cost of Goods Sold	3,175,432	7,175,476
Gross Profit	684,535	3,171,713
Operating Expenses	400,199	1,200,297
Operating Income (Loss)	284,336	1,971,416
Net Non-Operating Incomes and Expenses	1,065,576	267,957
Income before Taxes	1,349,912	2,239,373
Income Tax Expense	119,745	506,610
Net Income	1,230,167	1,732,763
Other Comprehensive Income	87,606	136,304
Total Comprehensive Income	1,317,773	1,869,067

3. Analysis of receipts, expenditures, and profitability for 2022

(1). Parent Only

Unit: NT\$ Thousands

Item	2022	2021
Net Cash Provided by Operating Activities	642,105	91,138
Net Cash Provided by Investing Activities	64,695	39,921
Net Cash (Used in) Financing Activities	(291,824)	(442,260)
Return on Assets	16.0%	14.5%
Return on Equity	19.2%	17.9%
Net Profit Margin	31.9%	30.4%
Basic Earnings per Share (NT\$)	7.53	6.12
Diluted Earnings per Share (NT\$)	7.45	6.04



(2). Consolidated

Unit: NT\$ Thousands

Item	2022	2021
Net Cash Provided by Operating Activities	2,584,994	658,916
Net Cash Used in Investing Activities	(1,069,533)	(1,288,678)
Net Cash Provided by Financing Activities	(612,278)	(225,327)
Return on Assets	12.7%	12.3%
Return on Equity	18.1%	18.0%
Net Profit Margin	16.8%	14.8%
Basic Earnings per Share (NT\$)	7.53	6.12
Diluted Earnings per Share (NT\$)	7.45	6.04

4. 2022 Research and Development Work

In 2022, the Company has completed the development of the following new products, which have contributed significantly to the business expansion:

- ①. Hybrid High-Temperature Capacitors (HUE/HRE Series 145°C Endurance 2000Hrs).
- ②. Hybrid High-Temperature Capacitors (HUJ/HRJ Series 150°C Endurance 1000Hrs).

II. The Summary of the Business Plan for the Current Year (2023)

1. 2023 Business Policy

- (1). Continuing and sustaining the implementation of the established long-term strategic development plan
 - ※ Lelon has achieved an excellent result in the high-end electronic products sector and will continue to promote various long-term plans to strengthen its competitiveness.
 - ※ Expanding the production capacity for niche products and launching new high-end products will contribute positively to strengthen Lelon's competitiveness in the market.
- (2). Continuing to cultivate the fundamental market and demonstrating the value of Lelon to customers
 - ※ Deepening strategic partnerships with customers, gaining market insights, creating market opportunities together, and creating more value for shareholders.
- (3). Continuously improving service and operational efficiency
 - ※ To improve organizational efficiency and customer service through resource integration and process improvement to enhance the overall profitability of the company.
 - ※ Increase production efficiency through production automation.
- (4). Continuous development of niche products
 - ※ Developing high value-added products based on customer product development direction for industries such as automotive electronics, telecommunications, medical, green energy, smart grid, and cloud IoT equipment, in response to market demand. In addition to in-house development, the Company also collaborates with the Industrial Technology Research Institute and material and equipment suppliers to develop new materials and process equipment.
- (5). Introducing strategic investors at the appropriate time
 - ※ Considering introducing strategic investors who can bring benefits to the company's future operations at the appropriate time to enhance Lelon's overall competitiveness in the market.



(6). Fulfilling corporate social responsibility

✖ Lelon is committed to improving its product manufacturing processes and using environmentally friendly materials to meet the requirements of energy conservation and waste reduction, thereby meeting the expectations of society for green enterprises. Lelon values product safety and employee work safety, and place importance on employee health and environmental cleanliness, actively improving epidemic prevention measures. With a sustainable management approach, Lelon contributes to the progress and safety of society.

2. Sales Volume Forecast and the Basis Thereof for 2023

The new factory in Suzhou is expected to gradually increase its production capacity this year, driven by the growing demand in markets such as automotive electronics, industrial automation, and energy storage equipment, which is expected to boost the demand for aluminum capacitors.

3. Important Production and Sales Policies for 2023

- ①. Continuously adjusting product and customer structures, avoiding red sea markets and deepening in high-end electronic products, improving the selling price, and enlarging the gap with competitors through market segmentation.
- ②. Continuously expanding the high value-added product lines and production capacity.
- ③. Striving to become a strategic partner supplier to international manufacturers.
- ④. Improving the cost structure to increase product gross margin.

III. The Company's Future Development Strategy

1. Product Strategy:

- ①. Expanding market share in the niche product market, such as SMD aluminum electrolytic capacitors, organic conductive polymer capacitors (OP-CAP), conductive polymer hybrid capacitor, and other high-margin capacitor products.
- ②. Developing high value-added products for niche markets and providing customers with the best solutions.
- ③. Adjusting product sales structure and continuously developing towards high-end applications to increase profit margin.

2. Marketing Strategy:

- ①. Strengthening the image of Lelon as an industrial brand through high-quality products and services.
- ②. Strengthening the global sales and service network and working closely with the customers.
- ③. Forming strategic alliances with international manufacturers to seize market opportunities.

IV. The Effect of External Competition, the Legal Environment, and the Overall Business Environment.

1. The Effect of External Competition

- ★ The development of electric vehicles has driven the electrification trends, and the increasing number of digital dashboard and various new electronic functions have greatly increased the demand for electronic components in automobiles, including aluminum capacitors.
- ★ Power outages and a significant increase in electricity prices have led to a strong growth momentum for energy storage equipment and demand for aluminum capacitors.



2. The Effect of Legal Environment

The increasingly stringent environmental requirements and enforcement of environmental regulations in China have forced manufacturers to upgrade their production equipment to comply with the standards. As a result, the production costs for manufacturers in China have continued to rise, leading to the small manufacturers being squeezed while the overall industry grows bigger.

3. The Effect of the Overall Business Environment

- ★ Inflation, rising costs of raw materials, and transport costs.
- ★ Change in exchange rate.

Established for over 46 years, Lelon is now the largest aluminum electrolytic capacitor manufacturer in Taiwan. With high-quality and stable capacitor products, the brand has been recognized and adopted by world-renowned manufacturers. In the passive components industry, the trend of “the big will get bigger” is becoming more evident and enhancing competitiveness through updated management systems and equipment is an important factor in winning customer trust. This year, Lelon has continued to secure orders from international manufacturers this year, actively developed new customers, and adjusted its product mix to enhance competitiveness and gross profit. In terms of research and development and manufacturing, Lelon will continue to develop new and niche products, with established achievements in the areas of automotive electronics, telecommunications, medical devices, green energy, smart grids, and cloud IoT equipment. These efforts are believed to contribute to Lelon's business and profitability.

Chairman: T.C. Wu

President: Jimmy Wu

Accounting Supervisor: Erica Lin



📎 Attachment II

Lelon Electronics Corp.
Audit Committee's Review Report

The Board of Directors of this Company has prepared the 2022 financial statements (parent only and consolidated) and have been audited and certified by CPAs Yu Ting Huang and Ming Hung Chen of EY Taiwan and an audit report has been prepared by them in this regard. The aforesaid business report, financial statements and profit distribution table have been audited and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

For the 2023 Annual Meeting of Shareholder

Lelon Electronics Corp.

Convener of Audit Committee: Chi-Wei Lin

23 March 2023



Attachment III

Issuance of Domestic Unsecured Corporate Bonds

Type of corporate bonds	2nd domestic unsecured corporate bonds	3rd domestic unsecured corporate bonds
Issue (transaction) date	18 March 2019	22 July 2020
Face value	NT\$100,000	NT\$100,000
Issue price	100.5 (issued at premium)	100.5 (issued at premium)
Issue amount	NT\$600,000,000	NT\$600,000,000
Coupon rate	0%	0%
Term	3 years Maturity date: 18 March 2022	3 years Maturity date: 22 July 2023
Trustee	Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Redemption method	At maturity, the bond will be repaid in cash at face value, unless it has been converted into the company's common shares, exercised for redemption, redeemed early by the company, or repurchased and cancelled by the securities dealer.	At maturity, the bond will be repaid in cash at face value, unless it has been converted into the company's common shares, exercised for redemption, redeemed early by the company, or repurchased and cancelled by the securities dealer.
Conversion Price	NT\$39.9	NT\$41.6
The number of common shares, already converted, as at the date up to 30 April 2023	14,350,537 shares	13,174,778 shares
The outstanding balance of corporate bonds as at 30 April 2023, which has not yet been repaid.	NT\$0 Matured on 18 March 2022	NT\$300,000



Attachment IV

Independent Auditors' Report Translated from Chinese

To Lelon Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Lelon Electronics Co., Ltd. (the "Company") as of 31 December 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies. (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and its financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of 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 auditing standards generally accepted in 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31 2022, the gross accounts receivable and loss allowance by the Company amounted to NT\$993,905 thousand and NT\$16,658 thousand, respectively. The net accounts receivable accounted for 12% of total assets, which was considered material to the Company. The collection of accounts receivable is a key factor in the working capital management of the Company, the loss allowance of account receivables is measured by the expected credit loss for the duration of the account receivables, the measurement process includes grouping the receivables and determining the



use of the related assumptions in the analysis, including appropriate account aging interval and consideration of the loss rate of each account aging interval. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal control system for the client risk assessment and collection of accounts receivable established by the management level, understanding and testing the use of provision matrix, including assessing the reasonableness of the determination of various account aging intervals and sampling and examining the accuracy of underlying information through original document inspection. The procedures also involve testing statistical information related to loss rates calculated based on rolling ratios over one year, sampling appropriate transactions to recalculate the accuracy of aging based on transaction conditions, evaluating the reasonableness of collection for individual customers with significant overdue amounts or longer overdue periods, performing group assessment for non-individually material customers, recalculating the reasonableness of the allowance for doubtful accounts amount based on the impairment loss policy, selecting samples to perform confirmations of accounts receivable and reviewing the collection status after the balance sheet date to assess their recoverability.

We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (Including inventories of the subsidiaries under the equity method)

The inventories of the Company and its subsidiaries accounted for using the equity method was significant to the financial statements. As the Company 's inventories are distributed in multiple warehouses and has a wide range of items, the difficulty of managing the status of inventory usage has increased. The products have a wide range of applications and they are phased out at different rates, so the slowing-moving and obsolete inventory allowance for impairment involved significant management judgments. We therefore determined this a key audit matter.

Our audit procedures included, but were not limited to, understanding and testing the effectiveness of the internal controls established by management for inventory, assessing the appropriateness of accounting policies regarding obsolete and slow-moving inventory, understanding management's plan for inventory count, selecting material inventory locations for on-site observations during physical inventory counts, testing the accuracy of inventory aging, analyzing changes in inventory aging, testing management's estimated net realizable value for inventory, including price testing and conducting analytical procedures on gross profit margins for each product, verifying the calculation of inventory unit costs, considering the expected demand and market value of inventory, understanding management's analysis and evaluation of obsolete and slow-moving inventory, including the possibility of inventory realization and estimation of net realizable value.

We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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 requirements of 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Yu Ting

Chen, Ming Hung

Ernst & Young, Taiwan

23 March 2023

Attachment V

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2022	2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$847,483	\$432,507
Financial assets at fair value through profit or loss, current	4	48,085	15,179
Notes receivable, net	4	14,878	9,975
Accounts receivable, net	4, 5, 6(2), 6(11)	977,247	1,030,750
Other receivables	4, 6(11)	782	2,142
Other receivables-related parties	4, 7	161,832	233,154
Inventories	4, 5, 6(3)	76,181	77,301
Prepayment	7	37,089	31,659
Other current assets		4,861	7,790
Total current assets		2,168,438	1,840,457
Non-current assets			
Investments accounted for under the equity method	4, 6(4)	5,758,994	4,854,034
Property, plant and equipment	4, 6(5)	321,304	333,996
Right-of-use assets	4, 6(12)	4,553	8,882
Investment property	4, 5, 8	26,340	26,623
Intangible assets	4	5,991	8,321
Deferred tax assets	4, 5, 6(16)	23,526	33,230
Other non-current assets		858	2,329
Total non-current assets		6,141,566	5,267,415
Total assets		\$8,310,004	\$7,107,872

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LELON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2022	2021
Current liabilities			
Short-term loans	4, 6(6)	\$919,598	\$534,044
Short-term notes and bills payable		-	149,893
Contract liabilities, current	6(10)	14,240	15,675
Notes payable		14,422	29,194
Notes payable-related parties	7	21,625	21,558
Accounts payable		7,350	9,948
Accounts payable-related parties	7	135,713	68,344
Other payables	7	155,771	110,964
Current tax liabilities	4, 6(16)	105,229	7,140
Lease current liabilities	4, 6(12)	4,240	4,327
Long-term loans, current portion	4, 6(7)	25,001	21,136
Other current liabilities	7	10,577	12,651
Total current liabilities		1,413,766	984,874
Non-current liabilities			
Bonds payable	4, 6(7)	-	54,170
Deferred tax liabilities	4, 5, 6(16)	49,567	49,567
Lease liabilities, non-current	4, 6(12)	341	4,581
Net defined benefit obligation, noncurrent	4, 5, 6(8)	28,796	40,001
Guarantee deposits received		460	460
Total non-current liabilities		79,164	148,779
Total liabilities		1,492,930	1,133,653
Equity attributable to the parent company			
Capital	6(9)		
Common stock		1,635,432	1,621,595
Certificate of entitlement to new shares from convertible bond		6,033	7,415
Subtotal		1,641,465	1,629,010
Additional Paid-in Capital	6(4),6(9)	1,994,346	1,958,907
Retained earnings	6(9)		
Legal reserve		540,055	442,005
Special reserve		310,915	336,263
Unappropriated earnings		2,563,116	1,919,292
Subtotal		3,414,086	2,697,560
Other components of equity			
Exchange differences on translation of foreign operations	4, 6(4)	(205,540)	(284,358)
Unrealized gains or losses measured at fair value through other comprehensive income		(26,940)	(26,557)
Treasury shares		(343)	(343)
Total equity		6,817,074	5,974,219
Total liabilities and equity		\$8,310,004	\$7,107,872

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2022	2021
Operating revenues	4, 6(10), 7	\$3,859,967	\$3,232,827
Operating costs	6(3), 7	(3,176,436)	(2,653,590)
Gross profit		683,531	579,237
Unrealized intercompany profit		(2,640)	(1,685)
Realized intercompany profit		3,644	3,614
Gross profit		684,535	581,166
Operating expenses	6(13)		
Sales and marketing expenses		(166,406)	(133,963)
General and administrative expenses		(177,618)	(131,929)
Research and development expenses		(60,715)	(62,110)
Expected credit gains	6(11)	4,540	16,471
Subtotal		(400,199)	(311,531)
Operating income		284,336	269,635
Non-operating income and expenses			
Interest revenue		3,730	135
Other income	4,5, 6(14),7	32,527	43,962
Other gain and losses	6(14)	144,336	(3,026)
Financial costs	6(14)	(8,454)	(5,715)
Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(4)	893,437	745,382
Subtotal		1,065,576	780,738
Income before income tax		1,349,912	1,050,373
Income tax expense	4,5, 6(16)	(119,745)	(68,808)
Net income		1,230,167	981,565
Other comprehensive income	6(15)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		11,320	(1,339)
Unrealized gains(losses) on equity instruments measured a fair value through other comprehensive income		(383)	(445)
Income tax related to items that may not be reclassified subsequently	4, 6(15)	(2,149)	274
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	4, 6(15)	78,818	25,793
Total other comprehensive income, net of tax		87,606	24,283
Total comprehensive income		\$1,317,773	\$1,005,848
Earnings per share (NTD)	4, 6(17)		
Earnings per share-basic		\$7.53	\$6.12
Earnings per share-diluted		\$7.45	\$6.04

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained earnings			Other components of equity			Treasury shares	Total Equity
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income			
Balance as of 1 January 2021	\$1,450,867	\$81,768	\$1,612,221	\$374,574	\$353,305	\$1,464,987	\$(310,151)	\$(26,112)	\$(343)	\$5,001,116	
Appropriation and distribution of 2020 retained earnings											
Legal Reserve				67,431		(67,431)				-	
Cash dividends						(475,806)				(475,806)	
Special reserve					(17,042)	17,042				-	
Net income in 2021						981,565				981,565	
Other comprehensive income (loss), net of tax in 2021						(1,065)	25,793	(445)		24,283	
Total comprehensive income (loss)	-	-	-	-	-	980,500	25,793	(445)	-	1,005,848	
Bonds converted to stock	170,728	(74,353)	319,284							415,659	
Changes in ownership interests in subsidiaries			27,402							27,402	
Balance as of 31 December 2021	\$1,621,595	\$7,415	\$1,958,907	\$442,005	\$336,263	\$1,919,292	\$(284,358)	\$(26,557)	\$(343)	\$5,974,219	
Balance as of 1 January 2022	\$1,621,595	\$7,415	\$1,958,907	\$442,005	\$336,263	\$1,919,292	\$(284,358)	\$(26,557)	\$(343)	\$5,974,219	
Appropriations of earnings, 2021:											
Legal Reserve				\$98,050		(98,050)				-	
Cash dividends						(522,812)				(522,812)	
Special reserve					(\$25,348)	25,348				-	
Net income in 2022						1,230,167				1,230,167	
Other comprehensive income (loss), net of tax in 2022						9,171	78,818	(383)		87,606	
Total comprehensive income (loss)	-	-	-	-	-	1,239,338	78,818	(383)	-	1,317,773	
Bonds converted to stock	13,837	(1,382)	38,332							50,787	
Changes in ownership interests in subsidiaries			(2,893)							(2,893)	
Balance as of 31 December 2022	\$1,635,432	\$6,033	\$1,994,346	\$540,055	\$310,915	\$2,563,116	\$(205,540)	\$(26,940)	\$(343)	\$6,817,074	

(The accompanying notes are an integral part of the parent company only financial statements)

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

LELON ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$1,349,912	\$1,050,373
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Income and expense adjustments:		
Depreciation	17,826	18,167
Amortization	2,710	3,198
Expected credit income	(4,540)	(16,471)
Loss of financial assets/liabilities at fair value through loss or profit	10,266	11,583
Interest expense	8,454	5,715
Interest income	(3,730)	(135)
Dividend income	(1,461)	(1,494)
Share of profit of subsidiaries, associates and joint ventures	(893,437)	(745,382)
Gain on disposal of investments	-	(23,635)
Unrealized intercompany profit	2,640	1,685
Realized intercompany profit	(3,644)	(3,614)
(Gain)loss from market value decline, obsolete and slow-moving of inventories	(251)	273
Changes in operating assets and liabilities:		
(Increase) Decrease in financial assets at fair value through profit or loss	(43,172)	28,841
Increase in notes receivable	(4,903)	(306)
Decrease (increase) in accounts receivable	53,503	(203,314)
Decrease (increase) in other receivables	72,682	(78,992)
Decrease in inventories	1,371	7,066
(Increase) Decrease in prepayments	(5,430)	12,026
Decrease (increase) in other current assets	2,929	(2,682)
Decrease in other non-current assets	6,011	4,591
Decrease in contract liabilities	(1,435)	(14,569)
(Decrease) increase in notes payable	(14,705)	13,356
Increase in accounts payable	64,771	66,115
Increase in other payables	44,477	25,014
Decrease in other current liabilities	(2,074)	(4,539)
Decrease in net defined benefit liabilities non-current	(459)	(432)
Cash generated from operations	658,311	152,438
Interest received	3,730	135
Dividends received	1,461	1,494
Interest paid	(7,296)	(2,810)
Income tax paid	(14,101)	(60,119)
Net cash provided by operating activities	642,105	91,138

(Continued)

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

LELON ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(382)	(5,235)
Acquisition of intangible assets	(380)	(774)
Acquisition of Investment property	(140)	-
Dividends received	65,597	45,930
Net cash provided by investing activities	64,695	39,921
Cash flows from financing activities:		
Increase in short-term loans	2,708,977	1,425,552
Decrease in short-term loans	(2,323,423)	(1,538,029)
Increase in short-term notes and bills payable	539,316	409,619
Decrease in short-term notes and bills payable	(689,209)	(259,726)
Cash payments for bonds	(300)	-
Cash payments for the principal portion of the lease liability	(4,373)	(3,870)
Cash dividends	(522,812)	(475,806)
Net cash used in financing activities	(291,824)	(442,260)
Net increase (decrease) in cash and cash equivalents	414,976	(311,201)
Cash and cash equivalents at the beginning of period	432,507	743,708
Cash and cash equivalents at the end of period	\$847,483	\$432,507

(The accompanying notes are an integral part of the parent company only financial statements)



Attachment VI

Independent Auditors' Report Translated from Chinese

To Lelon Electronics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Lelon Electronics Co., Ltd. and its subsidiaries (the "Group") as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 auditing standards generally accepted in 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of 31 December 2022, the gross accounts receivable and loss allowance by the Group amounted to NT\$2,674,478 thousand and NT\$30,803 thousand, respectively. The net accounts receivable accounted for 18% of consolidated total assets, which was considered material to the Group. The collection of accounts receivable is a key factor in the working capital management of the Group, the loss allowance of account receivables is measured by the expected credit loss for the duration of the



account receivables, the measurement process includes grouping the receivables and determining the use of the related assumptions in the analysis, including appropriate account aging interval and consideration of the loss rate of each account aging interval. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal control system for the management of accounts receivable established by the management level; analyzing the changes of accounts receivable and turnover rate before and after the period, and testing the collection of accounts receivable after the period to evaluate the recoverability; reviewing the accounts receivable details at the end of the period, classifying them according to individual credit groups, and recalculating the reasonableness of the provision of accounts receivable allowance losses based on the expected loss rate assessed by management.

We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the Group's consolidate financial statements.

Valuation for inventories

As of 31 December 2022, the Group's net inventories to NT\$1,740,988 thousand. Net inventories accounted for 12% of consolidated total assets. As the Group's inventories are distributed in multiple warehouses and has a wide range of items, the difficulty of managing the status of inventory usage has increased. The products have a wide range of applications and they are phased out at different rates, so the slowing-moving and obsolete inventory allowance for impairment involved significant management judgments. We therefore determined this a key audit matter.

Our audit procedures included, but were not limited to, understanding and testing the effectiveness of the internal controls established by management for inventory, assessing the appropriateness of accounting policies regarding obsolete and slow-moving inventory, understanding management's plan for inventory count, selecting material inventory locations for on-site observations during physical inventory counts, testing the accuracy of inventory aging, analyzing changes in inventory aging, testing management's estimated net realizable value for inventory, including price testing and conducting analytical procedures on gross profit margins for each product, verifying the calculation of inventory unit costs, considering the expected demand and market value of inventory, understanding management's analysis and evaluation of obsolete and slow-moving inventory, including the possibility of inventory realization and estimation of net realizable value.

We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the Group's consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by



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 ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the 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 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of Lelon Electronics Co., Ltd. as of and for the years ended 31 December 2022 and 2021.

Huang, Yu Ting

Chen, Ming Hung

Ernst & Young, Taiwan
23 March 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Attachment VII

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2022	2021
Current assets			
Cash and cash equivalents	4,6(1)	\$2,737,122	\$1,813,353
Financial assets at fair value through profit or loss, current	4,6(2)	584,702	506,838
Financial assets measured at amortized cost, current	4	44,140	65,130
Notes receivable, net	4,6(13)	125,549	99,857
Accounts receivable, net	4,5,6(3) , 6(13),7	2,643,675	2,936,344
Other receivables	4,6(13)	39,732	12,169
Inventories	4,5,6(4)	1,740,988	1,555,293
Prepayments	7	245,144	319,139
Other current assets		878	1,216
Total current assets		8,161,930	7,309,339
Non-current assets			
Financial assets at fair value through other comprehensive income, noncur	4,5	28,175	28,133
Property, plant and equipment	4,6(5),8	5,794,343	5,120,432
Right-of-use assets	4,5,6(14),7	230,323	213,819
Investment property	4,5,8	26,340	26,623
Intangible assets	4	12,276	15,495
Goodwill	4	11,625	11,625
Deferred tax assets	4,5,6(18)	42,772	50,659
Other non-current assets	4	372,438	387,085
Total non-current assets		6,518,292	5,853,871
Total assets		\$14,680,222	\$13,163,210

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2022	2021
Current liabilities			
Short-term loans	4,6(6)	\$1,760,594	\$1,244,078
Short-term notes and bills payable	4	\$89,981	209,850
Financial liabilities at fair value through profit or loss, current		1,700	900
Contract liabilities, current	4,6(12)	277,231	103,640
Notes payable	4,7	36,047	50,753
Accounts payable	4,7	496,281	602,151
Other payables	4,6(7)	660,409	643,818
Current tax liabilities	4,6(18)	263,491	120,679
Lease liabilities, current	4,6(14),7	7,642	6,903
Long-term loans, current portion	4,6(8),6(9)	155,409	154,304
Other current liabilities		93,094	78,068
Total current liabilities		<u>3,841,879</u>	<u>3,215,144</u>
Non-current liabilities			
Bonds payable	4,6(8)	488,952	535,947
Long-term loans	4,6(9)	-	283,135
Deferred tax liabilities	4,5,6(18)	50,944	50,445
Lease liabilities, non-current	4,6(14),7	57,189	38,602
Net defined benefit obligation, non-current	4,5,6(10)	21,912	36,116
Guarantee deposits received		40,244	40,032
Total non-current liabilities		<u>659,241</u>	<u>984,277</u>
Total liabilities		<u>4,501,120</u>	<u>4,199,421</u>
Equity attributable to the parent company			
Capital	6(11)		
Common stock		1,635,432	1,621,595
bond		6,033	7,415
Subtotal		<u>1,641,465</u>	<u>1,629,010</u>
Additional Paid-in Capital	6(11)	1,994,346	1,958,907
Retained earnings	6(11)		
Legal reserve		540,055	442,005
Special reserve		310,915	336,263
Unappropriated earnings		2,563,116	1,919,292
Subtotal		<u>3,414,086</u>	<u>2,697,560</u>
Other components of equity			
Exchange differences on translation of foreign operations		(205,540)	(284,358)
Unrealized gains or losses measured at fair value through other comprehensive income		(26,940)	(26,557)
Subtotal		<u>(232,480)</u>	<u>(310,915)</u>
Treasury shares	4,6(11)	(343)	(343)
Equity attributable to the parent company		6,817,074	5,974,219
Non-controlling interests	6(11)	3,362,028	2,989,570
Total equity		<u>10,179,102</u>	<u>8,963,789</u>
Total liabilities and equity		<u>\$14,680,222</u>	<u>\$13,163,210</u>

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2022	2021
Operating revenues	4,6(12),7	\$10,347,189	\$9,957,173
Operating costs	6(4),7	(7,175,476)	(7,028,204)
Gross profit		3,171,713	2,928,969
Operating expenses	6(15)		
Sales and marketing expenses		(362,563)	(322,033)
General and administrative expenses		(626,300)	(629,160)
Research and development expenses		(210,281)	(200,164)
Expected credit (losses) gains	6(13)	(1,153)	17,192
Subtotal		(1,200,297)	(1,134,165)
Operating income		1,971,416	1,794,804
Non-operating income and expenses			
Interest revenue	4	31,091	30,182
Other income	4,5,6(16)	49,484	82,566
Other gains and losses	6(16)	237,125	27,518
Finance costs	6(16),7	(49,743)	(51,682)
Subtotal		267,957	88,584
Income before income tax		2,239,373	1,883,388
Income tax expense	4,5,6(18)	(506,610)	(408,545)
Net income		1,732,763	1,474,843
Other comprehensive income	6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		13,075	(1,237)
Unrealized gains(losses) on equity instruments measured at fair value through other comprehensive income		(424)	(523)
Income tax related to items that may not be reclassified subsequently	4, 6(17), 6(18)	(2,615)	247
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		126,268	36,215
Total other comprehensive income, net of tax		136,304	34,702
Total comprehensive income		\$1,869,067	\$1,509,545
Net income attributable to:			
Stockholders of the parent		\$1,230,167	\$981,565
Non-controlling interests		502,596	493,278
		\$1,732,763	\$1,474,843
Comprehensive income attributable to:			
Stockholders of the parent		\$1,317,773	\$1,005,848
Non-controlling interests		551,294	503,697
		\$1,869,067	\$1,509,545
Earnings per share (NTD)	4,6(19)		
Earnings per share-basic		\$7.53	\$6.12
Earnings per share-diluted		\$7.45	\$6.04

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company											
	Capital		Retained earnings					Other components of equity				
	Common stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Treasury shares	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2021	\$1,450,867	\$81,768	\$1,612,221	\$374,574	\$353,305	\$1,464,987	\$(310,151)	\$(26,112)	\$(343)	\$5,001,116	\$2,402,524	\$7,403,640
Appropriation and distribution of 2020 retained earnings										-		-
Legal reserve				67,431		(67,431)				-		-
Cash dividends						(475,806)				(475,806)		(475,806)
Special reserve					(17,042)	17,042				-		-
Net income in 2021						981,565				981,565	493,278	1,474,843
Other comprehensive income (loss), net of tax in 2021						(1,065)	25,793	(445)		24,283	10,419	34,702
Total comprehensive income (loss)	-	-	-	-	-	980,500	25,793	(445)	-	1,005,848	503,697	1,509,545
Bonds converted to stock	170,728	(74,353)	319,284							415,659		415,659
Changes in ownership interests in subsidiaries			27,402							27,402	187,419	214,821
Cash dividends of the Company received by its subsidiaries										-	(104,070)	(104,070)
Balance as of 31 December 2021	\$1,621,595	\$7,415	\$1,958,907	\$442,005	\$336,263	\$1,919,292	\$(284,358)	\$(26,557)	\$(343)	\$5,974,219	\$2,989,570	\$8,963,789
Balance as of 1 January 2022	\$1,621,595	\$7,415	\$1,958,907	\$442,005	\$336,263	\$1,919,292	\$(284,358)	\$(26,557)	\$(343)	\$5,974,219	\$2,989,570	\$8,963,789
Appropriation and distribution of 2021 retained earnings												
Legal reserve				98,050		(98,050)				-		-
Cash dividends						(522,812)				(522,812)		(522,812)
Special reserve					(25,348)	25,348				-		-
Net income in 2022						1,230,167				1,230,167	502,596	1,732,763
Other comprehensive income (loss), net of tax in 2022						9,171	78,818	(383)		87,606	48,698	136,304
Total comprehensive income (loss)	-	-	-	-	-	1,239,338	78,818	(383)	-	1,317,773	551,294	1,869,067
Bonds converted to stock	13,837	(1,382)	38,332							50,787		50,787
Changes in ownership interests in subsidiaries			(2,893)							(2,893)	(29,882)	(32,775)
Cash dividends of the Company received by its subsidiaries											(148,954)	(148,954)
Balance as of 31 December 2022	\$1,635,432	\$6,033	\$1,994,346	\$540,055	\$310,915	\$2,563,116	\$(205,540)	\$(26,940)	\$(343)	\$6,817,074	\$3,362,028	\$10,179,102

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LELON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$2,239,373	\$1,883,388
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	468,836	396,588
Amortization	7,182	7,350
Expected credit loss(income)	1,153	(17,192)
Loss of financial assets/liabilities at fair value through loss or profit	18,773	9,142
Interest expense	49,743	51,682
Interest income	(31,091)	(30,182)
Dividend income	(1,690)	(1,544)
Loss (gain) on disposal of property, plant and equipment	2,625	(26,436)
Property, plant and equipment transferred to expenses	-	8,199
Gain on disposal of investments	(934)	(24,089)
(Gain)loss from market value decline, obsolete and slow-moving of invent	(3,142)	22,421
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(85,788)	(444,837)
(Increase) decrease in notes receivable	(25,692)	44,718
Decrease (increase) in accounts receivable	286,976	(581,558)
(Increase) decrease in other receivables	(2,414)	9,377
Increase in inventories	(160,201)	(379,141)
Decrease (increase) in prepayments	71,283	(84,847)
Decrease in other current assets	338	171
Decrease (increase) in other non-current assets	38,048	(81,342)
Increase in contract liabilities	173,591	20,625
(Decrease) increase in notes payable	(14,706)	13,357
(Decrease) increase in accounts payable	(105,870)	75,131
Increase in other payables	35,408	166,620
Increase(decrease) increase in other current liabilities	15,026	(16,220)
Decrease in net defined benefit liabilities non-current	(2,884)	(1,160)
Cash generated from operations	<u>2,973,943</u>	<u>1,020,221</u>
Interest received	31,091	30,182
Dividends received	1,690	1,544
Interest paid	(37,731)	(41,628)
Income tax paid	(383,999)	(351,403)
Net cash provided by operating activities	<u>2,584,994</u>	<u>658,916</u>

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 Lelon Electronics Co., LTD.AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
 For the years ended 31 December 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost, current	-	(65,130)
Proceeds from disposal of financial assets measured at amortized cost, current	20,990	-
Acquisition of property, plant and equipment	(545,101)	(1,109,893)
Proceeds from disposal of property, plant and equipment	3,678	88,979
Acquisition of intangible assets	(1,156)	(1,120)
Acquisition of right-of-use assets	(964)	-
Acquisition of Investment property	(140)	-
Increase in prepayment for equipment	(546,840)	(201,514)
Net cash used in investing activities	<u>(1,069,533)</u>	<u>(1,288,678)</u>
Cash flows from financing activities:		
Increase in short-term loans	4,594,395	3,702,551
Decrease in short-term loans	(4,077,879)	(3,773,282)
Increase in short-term notes and bills payable	689,132	1,360,255
Decrease in short-term notes and bills payable	(809,001)	(1,370,286)
Proceeds from bonds issued	-	499,805
Cash payments for bonds	(1,600)	-
Increase in long-term loans	76,484	120,153
Decrease in long term loans	(364,172)	(163,012)
Increase (decrease) in guarantee deposits received	212	(12,673)
Cash payments for the principal portion of the lease liability	(11,409)	(8,962)
Cash dividends	(671,766)	(579,876)
Decrease in non-controlling interests	(36,674)	-
Net cash used in financing activities	<u>(612,278)</u>	<u>(225,327)</u>
Effect of exchange rate changes on cash and cash equivalents	20,586	(1,912)
Net increase (decrease) in cash and cash equivalents	923,769	(857,001)
Cash and cash equivalents at beginning of period	1,813,353	2,670,354
Cash and cash equivalents at end of period	<u>\$2,737,122</u>	<u>\$1,813,353</u>

(The accompanying notes are an integral part of the consolidated financial statements)



Attachment VIII

Lelon Electronics Corp.
Profit Distribution Table
2023

Item	NT\$ thousands Amount
Unappropriated retained earnings, beginning	1,323,777,809
Net profit after tax for current period	1,230,167,654
Add: Other comprehensive income (remeasurement on defined benefit plan)	9,170,614
Subtotal	2,563,116,077
Less: 10% legal reserve	(123,933,827)
Add: reversal of special reserve	78,434,957
Distributable net profit	2,517,617,207
Less: Distributable items	
Cash dividend to shareholders (NT\$3.5 per share)	574,839,815
Unappropriated retained earnings, ending balance:	1,942,777,392

Note:

The principle of distribution of the Company's profits is determined based on the distributable profits of 2022.

Chairman: T.C. Wu

President: Jimmy Wu

Accounting Supervisor: Erica Lin



Appendix I

Lelon Electronics Corp.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be Lelon Electronics Corp.

Article 2: The Company's business scope includes:

1. CC01080 Electronics Components Manufacturing.
2. CB01010 Mechanical Equipment Manufacturing.
3. CD01030 Motor Vehicles and Parts Manufacturing.
4. CD01040 Motorcycles and Parts Manufacturing.
5. CD01050 Bicycles and Parts Manufacturing.
6. F119010 Wholesale of Electronic Materials.
7. F113010 Wholesale of Machinery.
8. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
9. F114040 Wholesale of Bicycle and Component Parts Thereof.
10. F219010 Retail Sale of Electronic Materials.
11. F213080 Retail Sale of Other Machinery and Equipment.
12. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
13. F214040 Retail Sale of Bicycle and Component Parts Thereof.
14. F401010 International Trade.
15. IG03010 Energy Technical Services.
16. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall have its head office in Taichung City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Chapter 2 Capital Stock

Article 4: The total capital stock of the Company shall be in the amount of NT\$ 3.6 billion, divided into 360 million shares, at NT\$ 10 each, to be fully issued. The board of directors is authorized to issue shares in installments, reserving 7,000,000 shares within the total share capital for the issuance of employee stock options.

Article 4-1: The employees of parents or subsidiaries of the company meeting certain specific requirements are entitled to receive the transfer of treasury shares acquired by the Company in accordance with the Company Act.

The employees of parents or subsidiaries of the company meeting certain specific requirements are entitled to receive shares when the company issues new shares.

The employees of parents or subsidiaries of the company meeting certain specific



requirements are entitled to receive share subscription warrant.

The employees of parents or subsidiaries of the company meeting certain specific requirements are entitled to receive restricted stock for employees. The board of directors are authorized to determine certain qualification requirements.

Article 5: The company's share certificate shall be affixed with the signatures or personal seals of the director representing the company and shall be duly certified or authenticated by competent authority under the laws before issuance thereof.

The issuing company may be exempted from printing any share certificate for the shares issued and shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 6: The handling of the company's stock affairs shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority and relevant laws and regulations.

Article 7: The share transfer registration shall be suspended within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders' Meeting

Article 8: Shareholders' meeting shall be of two kinds which are regular meeting of shareholders and special meeting of shareholders. Regular meeting of shareholders shall be held at least once every year and shall be convened within six months after close of each fiscal year. A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. Special meeting of shareholders shall be held when necessary and a notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.

The notice of the shareholders' meeting may be given by means of electronic transmission, after obtaining a prior consent from the recipient(s). The notice of the shareholders' meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.

Article 8-1: The company may, upon the approval of a majority of the shareholders present at a shareholders' meeting attended by two-thirds or more of shareholders, buy back its shares at the price lower than the closing price of the company stocks as of the issuing date for issuing employee stock options or transferring the shares at the price less than the average actual share repurchase price to its employees.

Article 9: A shareholder may, in accordance with Article 177 of the Company Act, appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy if the shareholder is unable to do so in person for any cause.

After the service of the power of attorney of a proxy to the company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders'



meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 10: The shareholders' meeting shall be convened by the board of directors, with the chairman of the board serving as the chairperson of the meeting, except as otherwise provided in the Company Act. In case the chairman of the board of directors is absent, the chairman of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson of the board of directors. Where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairperson of that meeting provided, however, that if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.

Article 11: Except for those that are restricted or in the circumstances otherwise provided for in paragraph 2 of Article 179 shall have no voting power, the shareholders of the company shall have one voting power in respect of each share in his/her/its possession.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for by relevant laws and regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 13: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and shall be handled in accordance with Article 183 of the Company Act.

Chapter 4 Directors

Article 14: The Company shall have 5 to 11 directors with the term of three years. A candidates nomination system is adopted for election of the directors of the company. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates. All directors shall be eligible for re-election. The percentage of shareholdings of all the directors is subject to the provisions separately prescribed by the competent authorities of securities affairs. Among the number of directors to be elected prescribed in the previous paragraph, the number of independent directors shall not be less than three.

The Company has established an audit committee in accordance with Article 14-4 of the Securities Exchange Act. The audit committee shall be composed of the entire number of independent directors. The audit committee and its members shall be responsible for exercising powers of supervisors prescribed by the Company Act, the Securities Exchange Act and other applicable laws and regulations.

The board of directors of the company may establish a remuneration committee or other functional committees in consideration of the company's operations.

Article 14-1: The company may enroll the directors or key personnel in liability insurance with respect to liabilities or claims for damages from stakeholders, resulting from exercising their duties during their terms of office.

Article 15: When the number of vacancies in the board of directors of a company equals to one third of the total number of directors or when all independent directors have been dismissed, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies for the remaining term of directorship.



- Article 16: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.
- Article 17: The directors shall organize the board of directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors to execute all matters of the Company in accordance with applicable laws and regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting and the board of directors.
- Article 17-1: A board of directors shall meet at least quarterly. In calling a board meeting, the reasons for calling shall be made known to each director at least 7 days in advance. In emergency circumstances, however, a meeting may be convened at any time.
The board meeting notice may be effected in writing, e-mail or fax.
- Article 18: The operational guidelines and other important matters of the company shall be determined by the board of directors. Except for the first meeting of each term of the board of directors shall be convened in accordance with Article 203 of the Company Act, the meetings of the board of directors shall be convened by the chairman of the board of directors. In case the chairman of the board of directors is absent, the chairman of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson of the board of directors.
- Article 19: The resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as proxy of one other director only.
- Article 20: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the company.
- Article 21: The remuneration of directors shall be determined by the board of directors based on the level of involvement and contribution to the operations of the company and may be paid at such level as generally adopted by the enterprises of the same industry.

Chapter 5 Managerial Officials and Employees

- Article 22: The company may have one president and several vice presidents. Appointment, discharge and the remuneration of the president and vice presidents shall be in compliance with Article 29 of the Company Act.



Article 23: The company may hire consultants and key personnel upon resolution of the board of directors.

Chapter 6 Accounting

Article 24: At the close of each fiscal year, the board of directors shall prepare and present the following statements and records to the shareholders' meeting for approval:

1. Business report. 2. Financial statements. 3. Surplus earning distribution or loss off-setting proposals.

Article 25: If the company has made profit in the year, appropriate no less than 2% as employees' compensation, and no more than 4% as remuneration to the directors. The company shall appropriate for covering carryforward loss, where applicable.

The profit for the year referred to in the preceding paragraph shall refer to the profit before tax for the year before the distribution of employees' compensation and remuneration to directors.

The company shall, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and remuneration to directors in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Compensation to employees may be distributed in cash or stock. Employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive shares or cash.

Remuneration to directors shall be in the form of cash only.

Article 25-1: When allocating its surplus profits after having paid all taxes and dues, the company's accumulated losses shall have been covered and the company shall set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.

In addition, special reserves shall be set aside or reversed in accordance with the law. The remaining balance, together with the undistributed earnings at the beginning of the period, shall be formulated into a profit distribution proposal by the board of directors, and submitted to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The dividend policy of the company is in line with the current and future development plans, investment environment, funding requirements, domestic and foreign competitive conditions, and other factors that take into account the interests of shareholders. The company shall allocate no less than 10% of the distributable profits for distribution to shareholders each year, except when the accumulated distributable profits are less than 1% of the paid-in capital, in which case no distribution of dividends may be distributed. The dividends are distributed in the forms of stock and cash. The cash dividend distribution ratio shall not be less than 10% of the total dividend distribution to shareholders for the current year. In the case when the cash dividend per share is less than NT\$0.5, the board of directors is authorized to propose a resolution, and the distribution method shall be determined by a resolution of the shareholders' meeting, either in cash or stock dividends.

Chapter 7 Supplementary Provisions



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- Article 26: The company's external reinvestment may exceed 40% of the paid-in capital and the board of directors is authorized for the execution.
- Article 27: The company may provide guarantee for other companies in the same industry.
- Article 28: The company's bylaws and operating procedures are established by the board of directors.
- Article 29: In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.
- Article 30: The Articles of Incorporation was established on 23 January 1976.
The first amendment was made on 15 March 1976.
The second amendment was made on 4 September 1979.
The third amendment was made on 1 March 1984.
The fourth amendment was made on 12 May 1984.
The fifth amendment was made on 12 April 1985.
The sixth amendment was made on 2 April 1986.
The seventh amendment was made on 9 January 1987.
The eighth amendment was made on 20 May 1988.
The ninth amendment was made on 11 December 1989.
The tenth amendment was made on 1 September 1994.
The eleventh amendment was made on 15 November 1996.
The twelfth amendment was made on 15 December 1997.
The thirteenth amendment was made on 18 June 1998.
The fourteenth amendment was made on 19 June 1999.
The fifteenth amendment was made on 25 April 2000.
The sixteenth amendment was made on 15 May 2001.
The seventeenth amendment was made on 4 June 2002.
The eighteenth amendment was made on 15 June 2004.
The nineteenth amendment was made on 23 June 2005.
The twentieth amendment was made on 22 June 2006.
The twenty-first amendment was made on 18 June 2008.
The twenty-second amendment was made on 23 June 2010.
The twenty-third amendment was made on 28 June 2012.
The twenty-fourth amendment was made on 22 June 2015.
The twenty-fifth amendment was made on 22 June 2016.
The twenty-sixth amendment was made on 22 June 2018.
The twenty-seventh amendment was made on 15 March 2019.
The twenty-eighth amendment was made on 4 August 2021.
The twenty-ninth amendment was made on 29 June 2022.



Appendix II

Lelon Electronics Corp.

Rules of Procedure for Shareholder Meetings

Article 1 The rules of procedures for the shareholders' meetings of Lelon Electronics Corp. (the "Company"), except as otherwise provided by law or regulation, shall be as provided in these Rules.

Article 2 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.

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

The shareholders, solicitors and proxies shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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

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

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

Article 3 Attendance and voting at shareholders' meetings shall be calculated based on numbers of shares. A shareholder shall be entitled to one vote for each share held.

Article 4 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairperson; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a



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

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

Article 6 The Company may appoint its attorneys, CPAs, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

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

Article 7 The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting and shall retain the recorded materials for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.

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

Article 9 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

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

After close of the said meeting, except for circumstances described in the preceding paragraph, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak



shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

Article 11 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12 When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

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

The election of directors at a shareholders' meeting shall be held in accordance with the Procedures for Election of Directors adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of not elected and number of votes they received.

Article 16 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17 Except as otherwise provided in the Company Act and in the company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19 The chair may direct the proctors (security personnel) to help maintain order at the meeting place. When proctors (security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

Article 20 The procedures are formulated by the board of directors of the company and implemented upon approval by the shareholders' meeting. The same shall apply to any amendment thereto.



Appendix III

Lelon Electronics Corp.
The shareholding status of all directors

Date for suspension of share transfer: 23 April 2023

Title	Name	Date on which Current Position was Assumed	Term of Contract	The Number and Amount of Shares Held		Shares Held as at the Date for Suspension of Share Transfer	
				Shares	%	Shares	%
Chairman	ChiFa Enterprise Co., Ltd.	29 June 2022	3 years	25,486,291	15.59%	25,619,291	15.55%
Director	Cheng-Hung Chang	29 June 2022	3 years	3,086,493	1.89%	3,086,493	1.87%
Director	Jimmy Wu	29 June 2022	3 years	7,624,929	4.66%	7,624,929	4.63%
Director	Xing-Shu Ke	29 June 2022	3 years	211,188	0.13%	211,188	0.13%
Director	Lien-Heng Liao	29 June 2022	3 years	0	0.00%	0	0.00%
Independent Director	Jimmy Ou	29 June 2022	3 years	0	0.00%	0	0.00%
Independent Director	Chi-Wei Lin	29 June 2022	3 years	0	0.00%	0	0.00%
Independent Director	C. Y. Wei	29 June 2022	3 years	0	0.00%	0	0.00%
Independent Director	Samuel Kuo	29 June 2022	3 years	0	0.00%	0	0.00%
Total				36,408,901	22.27%	36,541,901	22.18%

I. Type of shares: Common shares

II. Shares issued: 164,745,137 shares

III. The statutory minimum shareholding requirement for all directors: 9,884,708 shares