

Stock Code: 6283



淳安電子

**SHUN ON ELECTRONIC CO., LTD**  
**2025 Annual Shareholders' Meeting**  
**Meeting Handbook**

Time and Date: 09:00 a.m, June 27, 2025, Friday

Venue: No. 1, Dahua Road, Qionglin Township, Hsinchu County, Taiwan (Conference Hall, Minth University of Science and Technology Library)

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## **1. Meeting Agenda**

### **Shun On Electronic Co., Limited**

### **Annual Shareholders' Meeting Agenda of 2025**

Meeting Method: Physical Shareholders' Meeting.

Date: June 27, 2025 (Friday) at 9:00 AM

Venue: No. 1, Dahua Road, Qionglin Township, Hsinchu County, Taiwan (Conference Hall, Minth University of Science and Technology Library)

Meeting Procedure:

1. Announcing the opening of the meeting
2. Address by the Chairman
3. Reporting Matters
  - (1) Business report for 2024
  - (2) Audit Committee's review of the 2024 financial statements
  - (3) Report on Payment of Directors' Remuneration for 2024
4. Recognition Matters
  - (1) Approval of the 2024 business report and financial statements
  - (2) Approval of the 2024 loss appropriation
5. Discussion Matters
  - (1) Amendment proposal for the "Articles of Incorporation"
  - (2) Proposal for the issuance of new shares with restricted employee rights
6. Election Matters

Approval of the election of one additional director and one independent director
7. Other Motions

Approval of the release of prohibition on new directors (including independent directors) from participation in competitive business
8. **Ad Hoc Motions**
9. **Adjournment**

## **2. Reporting Matters**

Item 1:

Subject: Business report for 2024

Explanation:

1. Please refer to Attachment 1 for the business report and Attachment 3 for the financial statements mentioned above.
2. Your attention to the above is greatly appreciated.

Item 2:

Subject: Audit Committee's review of the 2024 financial statements

Explanation:

1. Based on the review conducted by the Audit Committee, the 2024 financial statements of the Company have been examined and finalized. Please refer to Attachment 2 for the Audit Committee's review report.
2. Your attention to the above is greatly appreciated.

Item 3:

Subject: Report on Payment of Directors' Remuneration for 2024

Explanation:

1. Please refer to Attachment 4 for the remuneration received by the directors, including the remuneration policy, and contents and amount of individual remuneration.
2. Your attention to the above is greatly appreciated.

### **3. Recognition Matters**

Item 1:

Proposed by Board of Directors

Subject: The 2024 Business Report and Financial Statements

Explanation:

1. The 2024 business report, parent-company-only financial statements, and consolidated financial statements of the company have been approved by the Board of Directors and subsequently submitted for review by the Audit Committee.
2. The aforementioned financial statements have been audited and certified by the accounting firm PricewaterhouseCoopers Taiwan, with the audit verification signatures of Yung-Chih Lin and Fu-Ming Liao attached.
3. Please find the 2024 business report in Attachment 1, and the independent financial statements and consolidated financial statements in Attachment 3.
4. Your acknowledgment of the above is requested.

Resolution:

Item 2:

Proposed by Board of Directors

Subject: 2024 Loss Appropriation

Explanation:

1. The proposed 2024 loss appropriation table is included in Attachment 5.
2. Your acknowledgment of the above is requested.

Resolution:

## 4. Discussion Matters

Item 1:

Proposed by Board of Directors

Subject: Amendment proposal for the "Articles of Incorporation"

Explanation:

1. Some provisions of the Company's "Articles of Incorporation" have been revised in response to Article 14, Paragraph 6 of the Securities and Exchange Act and for operational purposes. Please refer to Attachment 6 for the comparison table of Articles of Incorporation before and after revision.
2. Your discussion on this matter is kindly requested.

Resolution:

Item 2:

Proposed by Board of Directors

Subject: Proposal for the issuance of new shares with restricted employee rights

Explanation:

1. The Company, in order to attract, retain, and motivate outstanding talent, and to enhance employee cohesion for the continuous development of the Company's business to create the greatest benefits for the Company and its shareholders, intends to establish the issuance plan for employee-restricted shares according to Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission (hereinafter referred to as the Issuance Regulations), along with other relevant regulations.
2. The issuance requirements for this time are as follows:
  - (1) Total issuance amount: 1,200,000 common shares.
  - (2) Issuance price: This issuance is gratuitous, with an issuance price of 0 dollars.
  - (3) Issuance period: The staggered issuance shall occur within two years from the date the notice of effectiveness from the competent authority is received, and the actual issuance date and related operational matters shall be determined by the Chairman, authorized by the Board of Directors.
  - (4) Eligibility criteria for employee allocation
    - (4.1) The employees eligible for allocation shall be limited to full-time employees of the Company and its subsidiary companies who are in position on the date the new shares with restricted employee rights are granted and meet certain performance criteria. The term "subsidiary companies" is defined in accordance with the standards set forth in

Articles 369-2, 369-3, 369-9 paragraph 2, and 369-11 of the Company Act.

(4.2) Employees eligible for allocation are limited to the following categories of employees:

- A. Key personnel related to the future development of The Company (core team and core technology team).
- B. Individual performance is highly valuable to the company (high-value contributors).

(5) The actual number of shares of restricted employee rights to be allocated will take into account factors such as seniority, position level, work performance, overall contribution, special achievements, or other management-related considerations. These allocations will be determined considering the company's operational needs and business development strategies, with distribution standards drafted accordingly. They must be approved by the Chairman and then submitted to the Board of Directors for consent. However, if the employee is a Director or Management involved, prior approval from the Compensation Committee is required. For those who are not Directors or Management, prior consent from the Audit Committee is necessary.

(6) The total number of shares that a single employee is allowed to subscribe to through employee stock options issued according to Paragraph 1 of Article 56-1 of the Regulations Governing the Offering and Issuance, plus the cumulative total of restricted employee rights new shares acquired, shall not exceed three-tenths of a percent of the total issued shares. Additionally, when combined with the total number of shares that a single employee is allowed to subscribe to through employee stock options issued according to Paragraph 1 of Article 56 of the same regulations, it shall not exceed one percent of the total issued shares.

(7) Vesting conditions:

(7.1) Employees who have been allocated restricted employee rights new shares and remain employed while providing services at the maturity of the following vesting periods will be evaluated based on the achievement of their individual performance indicators. They will be granted the number of shares of restricted employee rights new shares for that year, determined within the total number that can be awarded according to the company's overall performance indicators.

- A. The Company's overall performance indicators (applicable to the core team and core technology team): Employees who have been allocated restricted employee rights new shares and meet the performance conditions required by the company (specific business revenue and net profit conditions determined by the



Chairman and approved by the Board of Directors). If the company's performance conditions are not met, it will be deemed as not meeting the vesting conditions.

- B. Employees' individual performance indicators: Employees who have been allocated restricted employee rights new shares, upon completing one, two, or three years of service, must meet the individual performance indicator conditions of the same year as the aforementioned company's overall performance indicators, achieving a performance review grade of three or above. Those with a performance review grade below three will be deemed as not meeting the vesting conditions.

(7.2) The number of shares listed on the notification of the grant date will vest over three years. Employees must still be employed on the vesting date; those not employed at that time will be deemed as not having met the vesting conditions for the years of service.

- A. On the day that marks the completion of one year from the grant date, the number of shares that can vest will be 30% of the number of shares listed on the notification.
- B. On the day that marks the completion of two years from the grant date, the number of shares that can vest will be 30% of the number of shares listed on the notification.
- C. On the day that marks the completion of three years from the grant date, the number of shares that can vest will be 40% of the number of shares listed on the notification.
- D. The vested shares mentioned above are calculated by rounding and are measured in units of 1,000 shares (e.g., if 7,000 restricted employee rights new shares are allocated, those who meet the vesting conditions can receive 2,000 shares in the first year, 2,000 shares in the second year, and 3,000 shares in the third year).

(8) Potential Capitalized Amount: The company should assess the fair value of the stock and recognize the related expenses annually over the vesting period. Assuming the market price at the time of new stock issuance is estimated based on the closing price of the Company's common stock on April 30, 2025, at NT\$23.50 per share, it is estimated that 360,000 shares, 360,000 shares, and 480,000 shares will be issued in 2025, 2026, and 2027, with the estimated maximum expensable amounts for each distribution year being NT\$8.46 million, NT\$8.46 million, and NT\$11.28 million, respectively.

(9) Dilution of Earnings Per Share (EPS) for the Company: The aforementioned expensable amounts could potentially reduce the EPS for

2025, 2026, and 2027 by a maximum of NT\$0.06, NT\$0.06, and NT\$0.08, respectively.

- (10) Other Matters Affecting Shareholders' Rights: Based on the aforementioned overall assessment, the dilution of earnings per share for the Company is considered limited, and thus there is no significant impact on shareholders' rights.
  - (11) Before the vesting conditions are met after employees are allocated new shares: except for inheritance, the restricted employee rights new shares may not be sold, pledged, transferred, gifted to others, subjected to other rights, or disposed of in any other manner.
  - (12) Other Important Agreed Matters:
    - (12.1) During the period when restricted employee rights new shares are delivered for trust, The Company shall fully represent employees in negotiating, signing, amending, extending, dissolving, and terminating the trust contract with the stock trust institution, as well as in instructing on matters related to the delivery, use, and disposition of trust assets.
    - (12.2) Employees allocated restricted employee rights new shares according to these regulations must deliver all such shares into trust/custody before the vesting conditions are met. After employees meet the vesting conditions, the shares vested to the employees will be allocated to their personal securities depository accounts at the time specified in the trust/custodial agreement by the trust institution designated by The Company.
    - (12.3) Before the vesting conditions are met, stock dividends and cash dividends derived from the restricted employee rights new shares will be allocated to the employees' personal securities depository or bank accounts at the time specified in the trust/custodial agreement by the trust/custodian institution designated by The Company.
    - (12.4) Before the vesting conditions are met, employees may not request the return of restricted employee rights new shares from the trustee or custodian for any reason or in any manner.
  - (13) Other matters to be specified: None.
3. Upon approval by the General Meeting of Shareholders and after filing for effectiveness with the competent authority, the actual issuance date and related matters shall be determined by a resolution of the Board of Directors. Should there be a need for amendments due to changes in laws and regulations, requirements from the competent authority, or changes in the objective environment, the Chairman is fully authorized to handle the matter and shall submit it to the Board of Directors for ratification before issuance.

4. The method for the first issuance of new shares with restricted employee rights in 2025, please refer to Attachment 7.
5. This case has been reviewed and approved by the 12th meeting of the second-term Audit Committee and is submitted to the General Meeting of Shareholders for consideration in accordance with the law.
6. Your discussion on this matter is kindly requested.

Resolution:

## **5. Election Matters**

Proposed by Board of Directors

Subject: Approval of the election of one additional director and one independent director

Explanation:

1. The Company's Articles of Incorporation stipulate 5 to 11 directors. Currently, there are 9 directors. It is proposed to elect 1 additional director and 1 independent director for operational purposes.
2. The newly elected directors (including independent directors) will take office immediately after the conclusion of this annual shareholders' meeting, with the term of office commencing on June 27, 2025 and ending on June 26, 2026.
3. Please refer to Attachment 7 for the list of candidates for directors and independent directors and their relevant information.
4. The election is hereby proposed.

Election results:

## **6. Other Motions**

Proposed by Board of Directors

Subject: Approval of the release of prohibition on new directors (including independent directors) and their representatives from participation in competitive business

Explanation:

1. In accordance with 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. The Company's Articles of Incorporation stipulate 5 to 11 directors. Currently, there are 9 directors. It is proposed to elect 1 additional director and 1 independent director for operational purposes.
3. In order to leverage on the expertise and relevant experience of the company's directors, it is intended to propose to the shareholders' meeting to approve the release the prohibition on new directors (including independent directors) and their representatives from participation in competitive business. Please refer to Attachment 8 for details of participation in competitive business.
4. Your discussion on this matter is kindly requested.

Resolution:

## **7. Ad Hoc Motions**

## **8. Adjournment**

## 9. Attachments

[Attachment 1]

### **Shun On Electronic Co., Limited Business Report for the Year 2024**

The consolidated operating income of the Company for 2024 was NT\$1,614,880 thousand, an increase of NT\$325,930 thousand compared to NT\$1,288,950 thousand in 2023, representing a growth of 25.29%. In response to the restructuring of the global industrial supply chain and geopolitical changes, the Company has continued to adjust its operational strategy. In October 2024, the Company completed the integration of Leroad Special Vehicles' manufacturing business. Presented below is the operational overview for the year:

#### **(1) Overview of 2024 Operational Plan**

##### **1. Implementation of the Operational Plan**

- (1) Conductive thin film business
  - Continued to provide high-quality and stable supply of thin film products
  - Maintained market competitiveness of the core business
- (2) Expansion of automotive electronics business
  - Continued to explore market opportunities in Southeast Asia
  - Strategically evaluated overseas production bases in response to geopolitical trends
- (3) Special vehicles manufacturing business
  - Successfully integrated Leroad Special Vehicles' manufacturing business in October 2024
  - Established a comprehensive product line and improved the deployment of production bases
  - Strengthened and enhanced the Group's overall competitive advantage

#### **(2) Future Operational Plan**

##### **1. Business Policy**

- Cultivate the automotive electronics market and expand global customer base
- Enhance R&D and design capabilities
- Improve cost control and resource integration efficiency
- Prudently assess the feasibility of overseas production bases

## **2. Important Production and Sales Policies and Development Strategy**

- Strategically increase global market share
- Deepen strategic cooperation in the supply chain
- Develop platform products to enhance overall production efficiency
- Systematically integrate Group resources to maximize synergies
- Establish a global production layout to effectively diversify operational risks

## **(3) External Environmental Impact Assessment**

In the face of global supply chain restructuring and geopolitical changes, the Company continues to pay attention to changes in international policies and regulations, and has obtained ISO 14001, ISO 45001, and DEKRA ASPICE CL2 certifications. The Company is committed to fulfilling corporate social responsibility and flexibly adjusting operational strategies in response to changes in the external environment.

## **(4) Conclusion**

We will continue to cultivate automotive electronics technology, integrate our strengths in special vehicles manufacturing, and build a global footprint to create maximum value for our stakeholders. We are confident that we will achieve better operating results in 2025.

## **Shun On Electronic Co., Limited**

### **Audit Committee Review Report**

The Board of Directors has prepared the financial statements (including individual and consolidated financial statements), business report, and proposal for profit distribution for the fiscal year 2024. The financial statements (including individual and consolidated financial statements) have been audited by PricewaterhouseCoopers Taiwan, Certified Public Accountants, including Yung-Chih Lin and Fu-Ming Liao, who have issued an audit report. The aforementioned documents prepared by the Board of Directors have been reviewed and found to be in compliance by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, a report has been prepared and is presented for your reference.

Sincerely

Shareholders' Meeting of Shun On Electronic Co., Limited for the year 2025

Shun On Electronic Co., Limited  
Audit Committee Convener: Wen-Rong Cheng

March 11, 2025



[Attachment 3]

Auditor's Report

(2025) Chia-Shen-Bao-Zi No. 24004865

To SHUN ON ELECTRONIC CO., LTD.:

**Audit Opinion**

The individual balance sheets of Shun On Electronic Co., Ltd. as of December 31 for 2024, along with the individual income statements, individual statements of changes in equity, individual cash flow statements, and notes to the individual financial statements (including a summary of significant accounting policies) for the periods January 1 through December 31 of 2024, have been audited by our auditors.

According to the opinion of our auditor, the aforementioned individual financial statements have been prepared in accordance with the Securities Issuance Company Financial Reporting Standards and are sufficient to fairly present the financial position of Shun On Electronics Co., Ltd. as of December 31, 2024, as well as the individual financial performance and individual cash flows for the period from January 1 to December 31, 2024.

**Basis of Audit Opinion**

The auditor has conducted our audit 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 Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. The personnel of the firm to which we belong have complied with the independence requirements in accordance with the

Code of Professional Ethics for Certified Public Accountants in the Republic of China, and have maintained independence from the Shun On Electronic Co., Ltd. and performed other responsibilities under the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of Shun On Electronic Co., Ltd. for the year 2024. These matters were addressed in the context of our audit of the individual financial statements as a whole and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Below is a description of the key audit matters relating to the individual financial statements of Shun On Electronic Co., Ltd. for the fiscal year 2024:

#### **Key Audit Matter – Revenue Recognition Authenticity**

##### Description

For information on revenue recognition accounting policies, please refer to Note 4 (22) and Note 6 (14) of the individual financial statements.

Shun On Electronic Co., Ltd. primarily sells intelligent products (conductive films and automotive products) and concentrates on its top ten customers. In 2024, sales revenue from the top ten customers had a significant impact on the individual financial statements. Therefore, the auditor designated the existence and occurrence of sales revenue from the aforementioned top ten customers as a key audit matter for this year.

#### Corresponding audit procedures

The auditor has performed the following audit procedures in response to the specific aspects of the key audit matter stated above:

1. Understanding the internal controls relevant to the sales revenue process and evaluating their operational effectiveness.
2. Obtaining detailed statement of sales revenue from the top ten customers, sampling and verifying against original orders, shipping or acceptance documents, related documentation, and invoices to confirm the authenticity of these revenue occurrences.

#### **Other Matter - Prior Period Individual Financial Statements Audited by Other Auditors**

The individual financial statements of the Shun On Electronic Co., Ltd. for 2023 were audited by other auditors who expressed an unqualified opinion on those statements on March 19, 2024.

**This is done to confirm the authenticity of the revenue transactions.**

Responsibilities of management and those charged with governance for the parent company only financial statements. The responsibilities of management is to prepare appropriately stated parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error.

In preparing the individual financial statements, the responsibility of the management also includes assessing the ability of Shun On Electronic Co., Ltd. to continue as a going concern, making relevant disclosures, and adopting the going concern basis of accounting unless the management intends to liquidate the company, cease operations, or has no other practical alternative apart from liquidation or cessation of operations.

The governance body of Shun On Electronic Co., Ltd., including the Audit Committee, bears the responsibility for overseeing the financial reporting process.

**Account's responsibilities for the audit of parent company only financial statements**

Our purpose in auditing the individual financial statements is to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

In conducting our audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment and maintain professional skepticism. We also perform the following tasks:

1. Identify and assess the risks of material misstatement due to fraud or error in the individual financial statements. Design and implement appropriate audit responses to address the assessed risks and obtain sufficient and appropriate audit evidence as a basis for the audit opinion. The risk of material misstatement due to fraud is considered higher than that due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. In obtaining the necessary understanding of internal controls relevant to the audit, appropriate audit procedures are designed based on the prevailing circumstances. However, it should be noted that the objective is not to express an opinion on the effectiveness of the internal controls of Shun On Electronic Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shun On Electronic Co., Ltd.'s ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Shun On Electronic Co., Ltd. to cease to continue as a going concern.

5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within Shun On Electronic Co., Ltd. to express an opinion on the individual financial statements. The auditor is responsible for the guidance, supervision, and performance of the individual audit engagement and for forming the audit opinion on individual financial statements.

The matters communicated by the auditor to the governance unit include the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control identified during the audit process).

The auditor also informs the governance unit that personnel within the auditor's firm who are subject to independence requirements have adhered to the relevant independence provisions in the Republic of China's Code of Ethics for Professional Accountants and communicates any relationships and other matters (including safeguards) that could reasonably be considered to affect the auditor's independence.

Based on the matters communicated with the governance unit, the auditor determines the key audit matters for the audit of the individual financial statements of Shun On Electronic Co., Ltd. for the year 2024. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Yung-Chih Lin

Auditor

Fu-Ming Liao

Approval Number from Financial Supervisory Commission:

Jing-Guan-Jeng-Shen-Zi No. 1050029592

Jing-Guan-Jeng-Shen-Zi No. 1090350620

March 11, 2025

Shun On Electronic Co., Ltd.  
Individual Balance Sheet  
December 31, 2024 and 2023

Unit: NT\$ thousands

Assets			December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
Current Assets								
1100	Cash and cash equivalents	6 (1)	\$	281,282	14	\$	266,105	13
1136	Financial assets measured at	6 (3)						
	amortized cost - current			32,785	2		-	-
1180	Accounts receivable - related parties,	7						
	net			149,421	7		143,274	7
1200	Other receivables			1,208	-		603	-
1210	Other receivables - related parties	7		1,677	-		1,176	-
1220	Income tax assets			939	-		1,324	-
1470	Other current assets			4,290	-		3,604	-
11XX	Total Current Assets			471,602	23		416,086	20
Non-Current Assets								
1517	Financial assets measured at fair	6 (2)						
	value through other comprehensive							
	income - non-current			36,588	2		35,667	2
1550	Investments under equity method	6 (4)		1,358,439	68		1,299,388	63
1600	Property, plant, and equipment	6 (5) and 8		44,706	2		203,063	10
1755	Right-of-use assets	6 (6)		11,385	1		1,084	-
1780	Intangible assets			2,703	-		7,920	1
1840	Deferred tax assets	6 (19)		88,900	4		86,228	4
1900	Other non-current assets			369	-		918	-
15XX	Total Non-Current Assets			1,543,090	77		1,634,268	80
1XXX	Total Assets		\$	2,014,692	100	\$	2,050,354	100

(Continued on next page)



Shun On Electronic Co., Ltd.  
Individual Balance Sheet  
December 31, 2024 and 2023

Unit: NT\$ thousands

Liability and equity			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6 (7)	\$ 81,000	4	\$ 198,000	9
2170	Accounts payable		1,794	-	4	-
2180	Accounts payable - related parties	7	130,929	6	118,625	6
2200	Other payables	6 (8)	13,685	1	13,801	1
2220	Other payables - related parties	7	23	-	199	-
2230	Current income tax liabilities		31,991	2	-	-
2280	Lease liabilities - current	7	2,256	-	1,199	-
2320	Long-term liabilities due within one year or one business cycle	6 (9)	-	-	163,670	8
2399	Other current liabilities - other		1,435	-	2,910	-
21XX	Total Current Liabilities		263,113	13	498,408	24
Non-Current Liabilities						
2570	Deferred income tax liabilities	6 (19)	1,131	-	442	-
2580	Lease liabilities - non-current	7	9,157	1	217	-
25XX	Total Non-Current Liabilities		10,288	1	659	-
2XXX	Total Liabilities		273,401	14	499,067	24
Equity						
Equity of owners of the parent company						
	Capital stock	6 (11)				
3110	Capital of ordinary share		1,479,063	73	1,479,063	72
	Capital surplus	6 (12)				
3200	Capital surplus		502,487	25	502,487	25
	Retained earnings	6 (13)				
3310	Legal reserve		15,512	1	15,512	1
3320	Special reserve		60,123	3	60,123	3
3350	Accumulated deficits to be covered		( 250,607)	( 13)	( 363,272)	( 18)
	Other equity					
3400	Other equity		( 9,720)	-	( 87,059)	( 4)
3500	Treasury shares	6 (11)	( 55,567)	( 3)	( 55,567)	( 3)
3XXX	Total Equity		1,741,291	86	1,551,287	76
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	Total Liabilities and Equity		\$ 2,014,692	100	\$ 2,050,354	100

The accompanying notes to the individual financial statements are an integral part of these individual financial statements.  
Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd.  
Individual Statement of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands  
(Except for earnings (loss) per share in NT\$)

	Item	Note	Year 2024		Year 2023	
			Amount	%	Amount	%
4000	Operating revenue	6 (14) and 7	\$ 339,300	100	\$ 390,793	100
5000	Operating cost	6 (17)(18)	( 317,025)	( 93)	( 349,121)	( 90)
5900	Operating gross profit		22,275	7	41,672	10
	Operating expenses	6 (17)(18)				
6100	Marketing expenses		( 4,456)	( 2)	( 7,967)	( 2)
6200	Management expenses		( 37,006)	( 11)	( 47,936)	( 12)
6300	Research and development expenses		( 14,514)	( 4)	( 38,473)	( 10)
6000	Total operating expenses		( 55,976)	( 17)	( 94,376)	( 24)
6900	Operating loss		( 33,701)	( 10)	( 52,704)	( 14)
	Non-operating income and expenses					
7100	Interest income	6 (15)	4,223	1	11,070	3
7010	Other revenue		660	-	3,194	1
7020	Other gains and losses	6 (16)	191,546	56	( 9,541)	( 3)
7050	Finance costs		( 4,009)	( 1)	( 5,368)	( 1)
7070	Share of profit (loss) of subsidiaries, affiliated companies and joint ventures under equity method	6 (4)	( 15,410)	( 4)	( 141,210)	( 36)
7000	Total non-operating income and expenses		177,010	52	( 141,855)	( 36)
7900	<b>Net profit (loss) before tax</b>		143,309	42	( 194,559)	( 50)
7950	Income tax (expense) benefit	6 (19)	( 30,644)	( 9)	19,497	5
8000	<b>Net profit (loss) from continuing operations</b>		112,665	33	( 175,062)	( 45)
8200	<b>Net profit (loss) in the current period</b>		\$ 112,665	33	(\$ 175,062)	( 45)

(Continued on next page)

The accompanying notes to the individual financial statements are an integral part of these individual financial statements.  
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Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd.  
Individual Statement of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands  
(Except for earnings (loss) per share in NT\$)

			Year 2024		Year 2023	
Item		Note	Amount	%	Amount	%
<b>Other comprehensive income</b>						
<b>Items may be subsequently reclassified to profit/loss</b>						
8361	Exchange difference for conversion of financial statements of foreign operating institutions		\$ 75,976	23	(\$ 15,848)	( 4)
8367	Net unrealized gains and losses on debt instruments measured at fair value through other comprehensive income	6 (2)	( 2,202)	( 1)	3,217	1
8380	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures under equity method - items that may be reclassified subsequently to profit or loss		3,125	1	10,196	2
8399	Income tax related to items that may be reclassified	6 (19)	440	-	( 643)	-
8300	<b>Other comprehensive income (Net)</b>		<u>\$ 77,339</u>	<u>23</u>	<u>(\$ 3,078)</u>	<u>( 1)</u>
8500	<b>Total comprehensive profit and loss in the current period</b>		<u>\$ 190,004</u>	<u>56</u>	<u>(\$ 178,140)</u>	<u>( 46)</u>
Net loss attributable to:						
Total comprehensive income attributable to:						
Earnings (loss) per share 6 (20)						
9750	Basic earnings (loss) per share		<u>\$ 0.77</u>		<u>(\$ 1.19)</u>	
9850	Diluted earnings (loss) per share		<u>\$ 0.77</u>		<u>(\$ 1.19)</u>	

The accompanying notes to the individual financial statements are an integral part of these individual financial statements.  
Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd.  
Individual Statement of Changes in Equity  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

	Retained earnings				Other equity					
					Exchange difference for conversion of financial statements	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income				
	Note	Capital of ordinary share	Capital surplus	Legal reserve	Special reserve	Accumulated deficits to be covered	operating institutions	Treasury shares	Total equity	
<u>2023</u>										
January 1		\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 188,210 )	(\$ 41,307 )	(\$ 42,674 )	(\$ 55,567 )	\$ 1,729,427
Net loss in the current period		-	-	-	-	( 175,062 )	-	-	-	( 175,062 )
Other comprehensive income		-	-	-	-	-	( 15,848 )	12,770	-	( 3,078 )
Total comprehensive profit and loss in the current period		-	-	-	-	( 175,062 )	( 15,848 )	12,770	-	( 178,140 )
December 31		<u>\$ 1,479,063</u>	<u>\$ 502,487</u>	<u>\$ 15,512</u>	<u>\$ 60,123</u>	<u>(\$ 363,272 )</u>	<u>(\$ 57,155 )</u>	<u>(\$ 29,904 )</u>	<u>(\$ 55,567 )</u>	<u>\$ 1,551,287</u>
<u>2024</u>										
January 1		\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 363,272 )	(\$ 57,155 )	(\$ 29,904 )	(\$ 55,567 )	\$ 1,551,287
Net profit in the current period		-	-	-	-	112,665	-	-	-	112,665
Other comprehensive income		-	-	-	-	-	75,976	1,363	-	77,339
Total comprehensive profit and loss in the current period		-	-	-	-	112,665	75,976	1,363	-	190,004
December 31		<u>\$ 1,479,063</u>	<u>\$ 502,487</u>	<u>\$ 15,512</u>	<u>\$ 60,123</u>	<u>(\$ 250,607 )</u>	<u>\$ 18,821</u>	<u>(\$ 28,541 )</u>	<u>(\$ 55,567 )</u>	<u>\$ 1,741,291</u>

The accompanying notes to the individual financial statements are an integral part of these individual financial statements. Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd.  
Individual Statement of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flows from operating activities</u>			
Net profit (loss) before tax in the current period		\$ 143,309	( \$ 194,559 )
Adjusted items			
Items of income and expenses			
Depreciation expenses	6 (5)(6)		
	(17)	4,317	7,363
Amortization expense	6 (17)	5,217	6,461
Gain on financial assets measured at fair value through profit or loss	6 (16)	-	( 171 )
Foreign exchange gain		( 3,123 )	( 333 )
Finance costs		4,009	5,368
Interest income	6 (15)	( 4,223 )	( 11,070 )
Share of profit (loss) of affiliated companies and joint ventures under equity method	6 (4)	15,410	141,210
Loss (gain) on disposal of property, plants, and equipment	6 (16)	( 189,102 )	124
Benefit from lease modification	6 (6)	( 2 )	( 13 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Accounts receivable - related parties		( 6,147 )	( 90,709 )
Other receivables		-	2,525
Other receivables - related parties		( 501 )	-
Other current assets		( 686 )	13,377
Net changes in liabilities related to operating activities			
Accounts payable		1,790	( 571 )
Accounts payable - related parties		12,304	80,351
Other payables		992	( 15,781 )
Other payables - related parties		( 175 )	( 112 )
Other current liabilities		( 2,528 )	1,908
Operating cash outflows		( 19,139 )	( 54,632 )
Interests received		3,618	11,056
Interest paid		( 2,435 )	( 2,163 )
Income tax paid		( 195 )	( 941 )
Tax return received		384	-
Net cash outflows from operating activities		( 17,767 )	( 46,680 )

(Continued on next page)

The accompanying notes to the individual financial statements are an integral part of these individual financial statements.  
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Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd.  
Individual Statement of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

	<u>Note</u>	<u>January 1 to December 31, 2024</u>	<u>January 1 to December 31, 2023</u>
<u>Cash flow from investing activities</u>			
Liquidation of subsidiary company		4,459	-
Obtain financial assets measured at amortized cost		( 32,785 )	( 77,850 )
Proceeds from the disposal of financial assets measured at amortized cost		-	214,038
Purchase of property, plant, and equipment	6 (5)	( 568 )	( 2,020 )
Proceeds from disposition of property, plants, and equipment		345,036	1,876
Decrease in guarantee deposits paid		549	4
Acquisition of subsidiary company equity		-	( 30,937 )
Net cash inflows from investment activities		<u>316,691</u>	<u>105,111</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6 (21)	-	258,000
Decrease in short-term borrowings	6 (21)	( 117,000 )	( 110,000 )
Redemption of corporate bonds	6 (21)	( 165,300 )	( 134,700 )
Payment of lease liabilities principal	6 (21)	( 2,255 )	( 4,896 )
Net cash (outflows) inflows from financing activities		( 284,555 )	8,404
Effect of exchange rate changes		<u>808</u>	<u>134</u>
Increase in cash and cash equivalents in the current period		15,177	66,969
Beginning cash and cash equivalents balance		<u>266,105</u>	<u>199,136</u>
Ending balance of cash and cash equivalents		<u>\$ 281,282</u>	<u>\$ 266,105</u>

The accompanying notes to the individual financial statements are an integral part of these individual financial statements.  
Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

## **Auditor's Report**

(2025) Chia-Shen-Bao-Zi No. 24004974

To SHUN ON ELECTRONIC CO., LTD.:

### **Audit Opinion**

The individual balance sheets of Shun On Electronic Co., Ltd. and its subsidiaries (hereinafter referred to as Shun On Group) as of December 31 for 2024, along with the consolidated income statements, consolidated statements of changes in equity, consolidated cash flow statements, and notes to the consolidated financial statements (including a summary of significant accounting policies) for the periods January 1 through December 31 of 2024, have been audited by the auditor.

Based on the opinion of the auditor, the aforementioned consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities, as well as the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretive Bulletins approved and issued by the Financial Supervisory Commission, and are sufficient to present the consolidated financial position of the Shun On Group as of December 31, 2024, as well as the consolidated financial performance and consolidated cash flows for the period from January 1 to December 31 of 2024.

### **Basis of Audit Opinion**

The auditor has conducted our audit 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The personnel of the firm to which we belong have complied with the independence requirements in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China,

and have maintained independence from the Shun On Group and performed other responsibilities under the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Shun On Group for the year 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter for Shun On Group's 2024 consolidated financial statements is as follows:

### **Key Audit Matter – Revenue Recognition Authenticity**

#### Description

For accounting policies related to revenue recognition, please refer to Note 4 (24) of the consolidated financial statements; for details of the revenue account, please refer to Note 6 (16) of the consolidated financial statements.

Shun On Group primarily sells intelligent products (conductive films and automotive products) and concentrates on its top ten customers. In 2024, sales revenue from the top ten customers had a significant impact on the consolidated financial statements. Therefore, the auditor designated the existence and occurrence of sales revenue from the aforementioned top ten customers as a key audit matter for this year.

#### Corresponding audit procedures

The auditor has performed the following audit procedures in response to the specific aspects of the key audit matter stated above:



1. Understanding the internal controls relevant to the sales revenue process and evaluating their operational effectiveness.
2. Obtaining detailed statements of sales revenue from the top ten customers, sampling and verifying against original orders, shipping or acceptance documents, related documentation, and invoices to confirm the authenticity of these revenue occurrences.

### **Other Matter - Prior Period Financial Statements Audited by Other Auditors**

The consolidated financial statements of the Shun On Group for 2023 were audited by other auditors who expressed an unqualified opinion on those statements on March 19, 2024.

### **Other Matter - Individual Financial Statements**

Shun On Electronic Co., Ltd. has prepared its individual financial statements for 2024, which have been audited by us, and we have issued an unqualified audit opinion with an Other Matter paragraph thereon, which is available for reference

### **Responsibility of management and governance unit for the consolidated financial statements:**

The responsibility of the management is to prepare the consolidated financial statements in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins approved and issued by the Financial Supervisory Commission. Management is also responsible for maintaining necessary internal controls related to the preparation of the consolidated financial statements to ensure that they are free from material misstatement resulting from fraud or error.

In the preparation of the consolidated financial statements, the responsibility of the management also includes assessing the ability of the Shun On Group to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of

accounting, unless the management intends to liquidate the Shun On Group or cease its operations, or there is no other practical alternative.

The governance unit of the Shun On Group (including the Audit Committee) has the responsibility to oversee the financial reporting process.

### **Responsibility of the auditor in auditing the consolidated financial statements**

Our purpose in auditing the consolidated financial statements is 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In conducting our audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment and maintain professional skepticism. We also perform the following tasks:

7. Identify and assess the risks of material misstatement due to fraud or error in the consolidated financial statements. Design and implement appropriate audit responses to address the assessed risks and obtain sufficient and appropriate audit evidence as a basis for the audit opinion. The risk of material misstatement due to fraud is considered higher than that due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
8. Obtain an understanding of the internal control relevant to the audit and design appropriate audit procedures based on that understanding. However, the purpose of the audit is not to express an opinion on the effectiveness of the internal control of

Shun On Group.

9. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures.
10. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shun On Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Shun On Group to cease to continue as a going concern.
11. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes) and determine whether the consolidated financial statements represent the transactions and events appropriately.
12. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. The auditor is responsible for the guidance, supervision, and performance of the Group audit engagement and for forming the Group audit opinion.

The matters communicated by the auditor to the governance unit include the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control identified during the audit process).

The auditor also informs the governance unit that personnel within the auditor's firm who are subject to independence requirements have adhered to the relevant independence provisions in the Republic of China's Code of Ethics for Professional Accountants and communicates any relationships and other matters (including safeguards) that could reasonably be considered to affect the auditor's independence.

Based on the matters communicated with the governance unit, the auditor determines the key audit matters for the audit of the consolidated financial statements of Shun On Group for the year 2024. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Yung-Chih Lin

Auditor

Fu-Ming Liao

Approval Number from Financial Supervisory Commission: Jing-Guan-Jeng-Shen-Zi No. 1050029592  
Jing-Guan-Jeng-Shen-Zi No. 1090350620

March 11, 2025

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2024 and 2023

Unit: NT\$ thousands

Assets			December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
Current Assets								
1100	Cash and cash equivalents	6 (1)	\$	669,776	22	\$	745,013	29
1136	Financial assets measured at amortized cost - current	6 (3) and 8		243,714	8		231,203	9
1150	Net notes receivable	6 (4)		14,112	1		8,934	-
1170	Net accounts receivable	6 (4)		223,408	7		74,064	3
1180	Accounts receivable - related parties, net	7		663,794	22		479,965	18
1200	Other receivables			12,703	1		25,503	1
1210	Other receivables - related parties	7		1,188	-		-	-
1220	Income tax assets			940	-		1,324	-
130X	Inventories	6 (5)		403,327	13		203,523	8
1470	Other current assets			24,245	1		32,059	1
11XX	Total Current Assets			2,257,207	75		1,801,588	69
Non-Current Assets								
1517	Financial assets measured at fair value through other comprehensive income - non-current	6 (2)		187,137	6		171,044	6
1600	Property, plant, and equipment	6 (6) and 8		296,957	10		440,958	17
1755	Right-of-use assets	6 (7)		37,188	1		78,475	3
1780	Intangible assets	6 (8)		115,803	4		16,704	1
1840	Deferred tax assets	6 (22)		88,900	3		86,228	3
1900	Other non-current assets			40,705	1		16,363	1
15XX	Total Non-Current Assets			766,690	25		809,772	31
1XXX	Total Assets		\$	3,023,897	100	\$	2,611,360	100

(Continued on next page)

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2024 and 2023

Unit: NT\$ thousands

Liability and equity		Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6 (9)	\$ 217,825	7	\$ 198,000	8
2150	Notes payable		165,946	6	-	-
2170	Accounts payable		392,299	13	197,820	8
2180	Accounts payable - related parties	7	6,499	-	14,543	1
2200	Other payables	6 (10)	141,410	5	162,093	6
2220	Other payables - related parties	7	28,455	1	3,340	-
2230	Current income tax liabilities		36,553	1	4,335	-
2280	Lease liabilities - current	7	14,641	-	22,709	1
2320	Long-term liabilities due within one year or one business cycle	6 (11)	-	-	163,670	6
2399	Other current liabilities - other		3,545	-	3,287	-
21XX	Total Current Liabilities		1,007,173	33	769,797	30
Non-Current Liabilities						
2550	Liability reserves - non-current		-	-	791	-
2570	Deferred income tax liabilities	6 (22)	11,518	1	442	-
2580	Lease liabilities - non-current	7	9,900	-	47,631	2
2600	Other non-current liabilities		1,932	-	11,666	-
25XX	Total Non-Current Liabilities		23,350	1	60,530	2
2XXX	Total Liabilities		1,030,523	34	830,327	32
Equity						
Equity of owners of the parent company						
	Capital stock	6 (13)				
3110	Capital of ordinary share		1,479,063	49	1,479,063	57
	Capital surplus	6 (14)				
3200	Capital surplus		502,487	16	502,487	19
	Retained earnings	6 (15)				
3310	Legal reserve		15,512	1	15,512	-
3320	Special reserve		60,123	2	60,123	2
3350	Accumulated deficits to be covered		( 250,607)	( 8)	( 363,272)	( 14)
	Other equity					
3400	Other equity		( 9,720)	-	( 87,059)	( 3)
3500	Treasury shares	6 (13)	( 55,567)	( 2)	( 55,567)	( 2)
31XX	Total Equity of Owners of the Parent Company		1,741,291	58	1,551,287	59
36XX	Non-control equity	4 (2)	252,083	8	229,746	9
3XXX	Total Equity		1,993,374	66	1,781,033	68
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	Total Liabilities and Equity		\$ 3,023,897	100	\$ 2,611,360	100

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.  
Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands  
(Except for earnings (loss) per share in NT\$)

	Item	Note	Year 2024		Year 2023	
			Amount	%	Amount	%
4000	Operating revenue	6 (16) and 7	\$ 1,614,880	100	\$ 1,288,950	100
5000	Operating cost	6 (5) (20)				
		(21)	( 1,461,996)	( 91)	( 1,199,994)	( 93)
5900	Operating gross profit		<u>152,884</u>	<u>9</u>	<u>88,956</u>	<u>7</u>
	Operating expenses	6 (20)				
		(21)				
6100	Marketing expenses		( 35,267)	( 2)	( 27,178)	( 2)
6200	Management expenses		( 119,874)	( 7)	( 136,228)	( 10)
6300	Research and development expenses		( 87,603)	( 5)	( 112,025)	( 9)
6450	Expected credit impairment gain (loss)	12 (2)	<u>8,920</u>	<u>-</u>	<u>( 8,509)</u>	<u>( 1)</u>
6000	Total operating expenses		<u>( 233,824)</u>	<u>( 14)</u>	<u>( 283,940)</u>	<u>( 22)</u>
6900	Operating loss		<u>( 80,940)</u>	<u>( 5)</u>	<u>( 194,984)</u>	<u>( 15)</u>
	Non-operating income and expenses					
7100	Interest income	6 (17)	32,339	2	37,985	3
7010	Other revenue	6 (18)	14,774	1	34,594	3
7020	Other gains and losses	6 (19)	199,358	12	( 53,648)	( 4)
7050	Finance costs		( 4,833)	-	( 6,422)	( 1)
7055	Expected credit impairment loss		<u>-</u>	<u>-</u>	<u>( 33,765)</u>	<u>( 3)</u>
7000	Total non-operating income and expenses		<u>241,638</u>	<u>15</u>	<u>( 21,256)</u>	<u>( 2)</u>
7900	<b>Net profit (loss) before tax</b>		<u>160,698</u>	<u>10</u>	<u>( 216,240)</u>	<u>( 17)</u>
7950	Income tax (expense) benefit	6 (22)	<u>( 33,062)</u>	<u>( 2)</u>	<u>17,585</u>	<u>2</u>
8000	<b>Net profit (loss) from continuing operations</b>		<u>127,636</u>	<u>8</u>	<u>( 198,655)</u>	<u>( 15)</u>
8200	<b>Net profit (loss) in the current period</b>		<u>\$ 127,636</u>	<u>8</u>	<u>( \$ 198,655)</u>	<u>( 15)</u>

(Continued on next page)

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands  
(Except for earnings (loss) per share in NT\$)

Item		Note	Year 2024		Year 2023	
			Amount	%	Amount	%
<b>Other comprehensive income</b>						
<b>Items may be subsequently reclassified to profit/loss</b>						
8361	Exchange difference for conversion of financial statements of foreign operating institutions		\$ 87,801	5	(\$ 19,732)	( 2)
8367	Net unrealized gains and losses on debt instruments measured at fair value through other comprehensive income	6 (2)	923	-	13,413	1
8399	Income tax related to items that may be reclassified	6 (22)	440	-	( 643)	-
8300	<b>Other comprehensive income (Net)</b>		<u>\$ 89,164</u>	<u>5</u>	<u>(\$ 6,962)</u>	<u>( 1)</u>
8500	<b>Total comprehensive profit and loss in the current period</b>		<u>\$ 216,800</u>	<u>13</u>	<u>(\$ 205,617)</u>	<u>( 16)</u>
Net loss attributable to:						
8610	Owners of the parent company		<u>\$ 112,665</u>	<u>7</u>	<u>(\$ 175,062)</u>	<u>( 13)</u>
8620	Non-control equity		<u>\$ 14,971</u>	<u>1</u>	<u>(\$ 23,593)</u>	<u>( 2)</u>
Total comprehensive income attributable to:						
8710	Owners of the parent company		<u>\$ 190,004</u>	<u>11</u>	<u>(\$ 178,140)</u>	<u>( 14)</u>
8720	Non-control equity		<u>\$ 26,796</u>	<u>2</u>	<u>(\$ 27,477)</u>	<u>( 2)</u>
Earnings (loss) per share						
9750	Basic earnings (loss) per share	6 (23)	<u>\$</u>	<u>0.77</u>	<u>(\$</u>	<u>1.19)</u>
9850	Diluted earnings (loss) per share		<u>\$</u>	<u>0.77</u>	<u>(\$</u>	<u>1.19)</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.  
Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang



Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

Equity of owners of the parent company											
Note	Capital of ordinary share	Capital surplus	Retained earnings			Other equity		Treasury shares	Total	Non-control equity	Total equity
			Legal reserve	Special reserve	Accumulated deficits to be covered	Exchange difference for conversion of financial statements of foreign operating institutions	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income				
<u>2023</u>											
January 1	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 188,210 )	(\$ 41,307 )	(\$ 42,674 )	(\$ 55,567 )	\$ 1,729,427	\$ 257,223	\$ 1,986,650
Net loss in the current period	-	-	-	-	( 175,062 )	-	-	-	( 175,062 )	( 23,593 )	( 198,655 )
Other comprehensive income	-	-	-	-	-	( 15,848 )	12,770	-	( 3,078 )	( 3,884 )	( 6,962 )
Total comprehensive profit and loss in the current period	-	-	-	-	( 175,062 )	( 15,848 )	12,770	-	( 178,140 )	( 27,477 )	( 205,617 )
December 31	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 363,272 )	(\$ 57,155 )	(\$ 29,904 )	(\$ 55,567 )	\$ 1,551,287	\$ 229,746	\$ 1,781,033
<u>2024</u>											
January 1	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 363,272 )	(\$ 57,155 )	(\$ 29,904 )	(\$ 55,567 )	\$ 1,551,287	\$ 229,746	\$ 1,781,033
Net profit in the current period	-	-	-	-	112,665	-	-	-	112,665	14,971	127,636
Other comprehensive income	-	-	-	-	-	75,976	1,363	-	77,339	11,825	89,164
Total comprehensive profit and loss in the current period	-	-	-	-	112,665	75,976	1,363	-	190,004	26,796	216,800
Liquidation of subsidiary company	-	-	-	-	-	-	-	-	-	( 4,459 )	( 4,459 )
December 31	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 250,607 )	\$ 18,821	(\$ 28,541 )	(\$ 55,567 )	\$ 1,741,291	\$ 252,083	\$ 1,993,374

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements. Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flows from operating activities</u>			
Net profit (loss) before tax in the current period		\$ 160,698	( \$ 216,240 )
Adjusted items			
Items of income and expenses			
Depreciation expenses	6 (20)	81,271	101,514
Amortization expense	6 (20)	11,813	11,037
Interest income	6 (17)	( 32,339 )	( 37,985 )
Expected credit (reversal gain) impairment loss	12 (2)	( 8,920 )	42,274
Benefits of financial assets measured at fair value through profit or loss	6 (19)	-	( 433 )
Loss (gain) on disposal of property, plants, and equipment	6 (19)	( 189,103 )	13,743
Disposal loss from investments	6 (19)	-	4,858
Gain on disposal of prepaid equipment payment		-	( 167 )
Amortization of prepaid lease payments		-	907
Impairment loss	6 (19)	7,000	40,246
Inventory (reversal gain) impairment loss	6 (5)	( 2,270 )	19,698
Net loss of foreign exchange differences		-	970
Loss (benefit) from lease modification	6 (19)	4,330	( 13 )
Finance costs		4,833	6,422
Deferred revenue		( 9,594 )	( 6,148 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		( 5,178 )	( 8,934 )
Accounts receivable		( 68,149 )	227,411
Accounts receivable - related parties		( 186,029 )	( 141,925 )
Other receivables		15,662	14,079
Other receivables - related parties		( 1,188 )	-
Inventories		93,409	37,072
Other current assets		22,707	21,082
Net changes in liabilities related to operating activities			
Notes payable		59,087	-
Accounts payable		31,789	( 6,769 )
Accounts payable - related parties		( 8,044 )	( 80,174 )
Other payables		( 60,588 )	( 37,090 )
Other payables - related parties		25,115	3,159
Other current liabilities		( 6,335 )	1,599
Cash inflows (outflows) from operations		( 60,023 )	10,193
Interests received		31,781	38,397
Interest paid		( 3,259 )	( 2,175 )
Income tax paid		( 2,864 )	( 5,892 )
Net cash inflows (outflows) from operating activities		( 34,365 )	40,523

(Continued on next page)

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements. Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Shun On Electronic Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flow from investing activities</u>			
Obtain Financial Assets Measured at Amortized Cost		( 12,511 )	( 366,102 )
Proceeds from the disposal of financial assets measured at amortized cost		-	349,645
Proceeds from the disposal of financial assets measured at fair value through profit or loss		-	61,936
Proceeds from the disposal of financial assets measured at fair value through other comprehensive income		-	54,521
Purchase of property, plant, and equipment		( 19,635 )	( 6,098 )
Proceeds from disposition of property, plants, and equipment		353,864	19,237
Decrease (Increase) in guarantee deposits paid		( 179 )	32
Increase in prepaid equipment		( 31,354 )	( 15,451 )
Acquisition of subsidiaries (net of cash acquired)	6 (24)	( 74,303 )	-
Net cash inflows from investment activities		<u>215,882</u>	<u>97,720</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6 (25)	-	258,000
Decrease in short-term borrowings	6 (25)	( 117,000 )	( 110,000 )
Redeemable corporate bonds	6 (25)	( 165,300 )	( 134,700 )
Payment of lease liabilities principal	6 (25)	( 20,682 )	( 24,395 )
Decrease in guarantee deposits received		( 140 )	( 7 )
Liquidation of subsidiary company		( 4,459 )	-
Net cash outflow from financing activities		( 307,581 )	( 11,102 )
Effect of exchange rate changes		<u>50,827</u>	( 16,568 )
(Decrease) increase in cash and cash equivalents in the current period		( 75,237 )	110,573
Beginning cash and cash equivalents balance		<u>745,013</u>	<u>634,440</u>
Ending balance of cash and cash equivalents		<u>\$ 669,776</u>	<u>\$ 745,013</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements. Please read them together.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Head of Accounting: Kae-Ru Chiang

Remuneration of Directors for 2024

Remuneration of general directors and independent directors

Unit: NT\$1,000

Job Title	Name	Remuneration of Directors								A, B, C, and D Total Amount and Proportion to Ratio of Net Income After Tax (Note 6)		Remuneration Received as an Employee Concurrently								A, B, C, D, E, F, and G Total Amount and Proportion to Ratio of Net Income (Note 6)		Compensation Paid to Directors by a Reinvested Company Other than the Company's Subsidiary (Note 7)
		Remuneration (A) (Note 1)		Retirement Benefits (B)		Director's Remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus, and Special Expenses, etc. (E) (Note 4)		Retirement Benefits (F)		Employee Compensation (G) (Note 5)						
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
Chairman	Jong-Hwa Chin	-	-	-	-	-	-	70	70	0.06%	0.06%	-	-	-	-	-	-	-	-	70 0.06%	70 0.06%	None
Director	Lung Hung Co., Ltd., British Virgin Islands Representative: Kuo-Feng Chin	-	-	-	-	-	-	70	70	0.06%	0.06%	-	-	-	-	-	-	-	-	70 0.06%	70 0.06%	None
Director	Min Tai International Co., Ltd. Representative: Juei-Chen Chang	-	-	-	-	-	-	80	80	0.07%	0.07%	1,556	1,556	-	-	-	-	-	-	1,636 1.45%	1,636 1.45%	None
Director	Chicony Electronic Co., Ltd. Representative: Chin-Chung Lu	-	-	-	-	-	-	70	70	0.06%	0.06%	-	-	-	-	-	-	-	-	70 0.06%	70 0.06%	None
Director	Zhi Jia Investment Co., Ltd. Representative: Pei-Cheng Yeh	-	-	-	-	-	-	70	70	0.06%	0.06%	-	-	-	-	-	-	-	-	70 0.06%	70 0.06%	None
Director	Min Tai International Co., Ltd. Representative: Tomoyuki Yamada	-	-	-	-	-	-	70	70	0.06%	0.06%	-	-	-	-	-	-	-	-	70 0.06%	70 0.06%	None
Independent Director	Wen-Rong Cheng	240	240	-	-	-	-	160	160	0.36%	0.36%	-	-	-	-	-	-	-	-	400 0.36%	400 0.36%	None

Independent Director	Sheng-Kung Tai	240	240	-	-	-	-	180	180	0.37%	0.37%	-	-	-	-	-	-	-	-	420 0.37%	420 0.37%	None
Independent Director	Kuo-Fei Li	240	240	-	-	-	-	140	140	0.34%	0.34%	-	-	-	-	-	-	-	-	380 0.34%	380 0.34%	None

1. Please explain the policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed:  
Independent directors of the Company are compensated with professional service fee and travel allowance for the services rendered, regardless of profitability, for which the Company may choose to pay in fixed amounts. The level of compensation is set after taking into consideration their participation and contribution to the Company's operations and peer levels.

2. In addition to the disclosed information in the table above, the remuneration received by directors of the Company in the latest fiscal year for providing services to all companies in the financial report (such as serving as non-employee consultants) is none.

Note 1: Refers to the salary, allowances, retirement benefits, various bonuses, and incentives received by directors in the latest fiscal year.

Note 2: Refers to the director's remuneration amount distributed by the board of directors for the most recent fiscal year.

Note 3: Refers to the car and travel expenses, special expenses, various allowances, dormitories, vehicle provision, and other items received by directors in the latest fiscal year.

Note 4: Refers to the remuneration received by directors who also hold positions as employees in the latest fiscal year (including those who also hold positions as general managers, deputy general managers, other managers, and employees), including salaries, allowances, retirement benefits, various bonuses, incentives, car and travel expenses, special expenses, various allowances, dormitories, vehicle provision, and other items.

Note 5: Refers to the employee compensation (including stocks and cash) received by directors who also hold positions as employees (including those who also hold positions as general managers, deputy general managers, other managers, and employees) in the latest fiscal year.

Note 6: Net income after tax refers to the net income after tax for the most recent year of the individual or separate financial statements.

Note 7: The amount of remuneration received by directors from investees other than subsidiaries or the parent company (if none, indicate "none").

\* The contents of the remuneration disclosed in this table are different from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure purposes and not for tax purposes.

## Shun On Electronic Co., Limited

### Loss Appropriation Statement for 2024

Unit: NTD\$

Item	
Accumulated deficit of prior years to be offset at start of year	(\$363,271,696)
Current net profit	112,665,282
Reversal of special surplus reserve	50,401,563
Accumulated losses to be offset at end of year	(200,204,851)

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Kae-Ru Chiang

## Comparison Table of Articles of Incorporation Before and After Revision

Provisions After Revision	Provisions Before Revision	Remarks
<p>Article 7:</p> <p>The company's stocks are generally registered shares, signed or stamped <u>by</u> directors of the company and issued after being certified according to the law. They may also be issued in the form of uncertificated shares, but registration with a securities central depository institution shall be required.</p>	<p>Article 7:</p> <p>The company's stocks are generally registered shares, signed or stamped by at least three directors of the company and issued after being certified according to the law. They may also be issued in the form of uncertificated shares, but registration with a securities central depository institution shall be required.</p>	<p>In accordance with Article 162 of the Companies Act</p>
<p>Article 19:</p> <p>If the company has profits for the year, 10% to 15% shall be allocated for employee compensation, <u>of which not less than 1% shall be distributed to entry-level employees.</u> The distribution may be made in the form of stock or cash, subject to special resolution by the Board of Directors. The recipients of the distribution include employees of the company and its domestic and foreign controlled or subsidiary companies who meet certain conditions authorized by the Board of Directors. The allocation of not more than 5% for director compensation may be specially resolved by the Board of Directors. Reports on the distribution of employee compensation and director compensation shall be submitted to the shareholders' meeting.</p> <p>However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first.</p> <p>However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first.</p>	<p>Article 19:</p> <p>If the company has profits for the year, 10% to 15% shall be allocated for employee compensation. The distribution may be made in the form of stock or cash, subject to special resolution by the Board of Directors. The recipients of the distribution include employees of the company and its domestic and foreign controlled or subsidiary companies who meet certain conditions authorized by the Board of Directors. The allocation of not more than 5% for director compensation may be specially resolved by the Board of Directors. Reports on the distribution of employee compensation and director compensation shall be submitted to the shareholders' meeting.</p> <p>However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first.</p>	<p>In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act</p>

Provisions After Revision	Provisions Before Revision	Remarks
<p>Article 21: These articles were established on January 6,1996.</p> <p>(Omitted) The twenty-sixth amendment was made on June 26, 2024. <u>The twenty-seventh amendment was made on June 27, 2025.</u></p>	<p>Article 21: These articles were established on January 6,1996.</p> <p>(Omitted) The twenty-sixth amendment was made on June 23, 2024.</p>	<p>Addition of the number and date of revisions.</p>



# **Shun On Electronic Co., Limited**

## **The Method For the First Issuance of New Shares with Restricted Employee Rights in 2025.**

**2025.05.09**

### Article 1 Purpose of Issuance

The Company, in order to attract, retain, and motivate outstanding talent, and to enhance employee cohesion for the continuous development of the Company's business to create the greatest benefits for the Company and its shareholders, intends to establish the issuance plan for employee-restricted shares according to Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission (hereinafter referred to as the Issuance Regulations), along with other relevant regulations.

### Article 2 Issuance Period

The staggered issuance shall occur within two years from the date the notice of effectiveness from the competent authority is received, and the actual issuance date and related operational matters shall be determined by the Chairman, authorized by the Board of Directors.

### Article 3 Eligibility Criteria

#### I. Eligibility criteria for employee allocation

1. The employees eligible for allocation shall be limited to full-time employees of the Company and its subsidiary companies who are in position on the date the new shares with restricted employee rights are granted and meet certain performance criteria. The term "subsidiary companies" is defined in accordance with the standards set forth in Articles 369-2, 369-3, 369-9 paragraph 2, and 369-11 of the Company Act.
2. Employees eligible for allocation are limited to the following categories of employees:
  - (1) Key personnel related to the future development of The Company (core team and core technology team).
  - (2) Individual performance is highly valuable to the company (high-value contributors).

- II. The actual number of shares of restricted employee rights to be allocated will take into account factors such as seniority, position level, work performance, overall contribution, special achievements, or other management-related considerations. These allocations will be determined considering the company's operational needs and business development strategies, with distribution standards drafted accordingly. They must be approved by the

Chairman and then submitted to the Board of Directors for consent. However, if the employee is a Director or Management involved, prior approval from the Compensation Committee is required. For those who are not Directors or Management, prior consent from the Audit Committee is necessary.

- III. The total number of shares that a single employee is allowed to subscribe to through employee stock options issued according to Paragraph 1 of Article 56-1 of the Regulations Governing the Offering and Issuance, plus the cumulative total of restricted employee rights new shares acquired, shall not exceed three-tenths of a percent of the total issued shares. Additionally, when combined with the total number of shares that a single employee is allowed to subscribe to through employee stock options issued according to Paragraph 1 of Article 56 of the same regulations, it shall not exceed one percent of the total issued shares.

#### Article 4 Total Issuance Amount

This issuance and grant to employees include a total of 1,200,000 common shares, each with a par value of NT\$10, totaling NT\$12,000,000.

#### Article 5 Issuance Conditions

- I. Issuance price: This issuance is gratuitous, with an issuance price of 0 dollars.
- II. The type of shares issued: The Company's new common shares.
- III. Vesting conditions
  - 1. Employees who have been allocated restricted employee rights new shares and remain employed while providing services at the maturity of the following vesting periods will be evaluated based on the achievement of their individual performance indicators. They will be granted the number of shares of restricted employee rights new shares for that year, determined within the total number that can be awarded according to the company's overall performance indicators.
    - (1) The Company's overall performance indicators (applicable to the core team and core technology team): Employees who have been allocated restricted employee rights new shares and meet the performance conditions required by the company (specific business revenue and net profit conditions determined by the Chairman and approved by the Board of Directors). If the company's performance conditions are not met, it will be deemed as not meeting the vesting conditions.
    - (2) Employees' individual performance indicators: Employees who have been allocated restricted employee rights new shares, upon completing one, two, or three years of service, must meet the individual performance indicator conditions of the same year as the aforementioned company's overall performance indicators,

achieving a performance review grade of three or above. Those with a performance review grade below three will be deemed as not meeting the vesting conditions.

2. The number of shares listed on the notification of the grant date will vest over three years. Employees must still be employed on the vesting date; those not employed at that time will be deemed as not having met the vesting conditions for the years of service.
  - (1) On the day that marks the completion of one year from the grant date, the number of shares that can vest will be 30% of the number of shares listed on the notification.
  - (2) On the day that marks the completion of two years from the grant date, the number of shares that can vest will be 30% of the number of shares listed on the notification.
  - (3) On the day that marks the completion of three years from the grant date, the number of shares that can vest will be 40% of the number of shares listed on the notification.
  - (4) The vested shares mentioned above are calculated by rounding and are measured in units of 1,000 shares (e.g., if 7,000 restricted employee rights new shares are allocated, those who meet the vesting conditions can receive 2,000 shares in the first year, 2,000 shares in the second year, and 3,000 shares in the third year).

#### IV. Handling of Employee Non-fulfillment of Vesting Conditions

1. If an employee voluntarily resigns, retires, is dismissed, is laid off, dies (except in cases of occupational accident-related death), or executes unpaid leave within three years from the grant date, the restricted employee rights new shares that were previously allocated but have not yet vested will be reclaimed by the Company without compensation.
2. In any year from the first to the third year following the allocation of restricted employee rights new shares, if the vesting conditions stipulated in the third paragraph of this section are not met, the Company shall reclaim the allocated but unvested restricted employee rights new shares from the employee without compensation.

V. If an employee violates the labor contract with the Company, work rules, agreements with the Company, or Company regulations, the restricted employee rights new shares allocated to them but not yet vested will be considered as not having met the vesting conditions on the date of the occurrence of the fact, and the Company may reclaim the unvested shares from the employee without compensation.

VI. In cases where an employee becomes disabled or dies due to an occupational accident, the unvested restricted employee rights new shares will be handled as follows:

1. For employees who become disabled and unable to continue employment due to an occupational accident, the unvested restricted employee rights new shares will still achieve vesting conditions based on the timeline proportion of the vesting conditions in this section. However, the fulfillment will still be subject to the company's overall performance indicators as outlined in the third paragraph of this section for the corresponding year.
  2. In cases where an employee dies due to an occupational accident, the unvested restricted employee rights new shares will still achieve vesting conditions based on the timeline proportion of the vesting conditions in this section. The heirs, upon completing the necessary legal procedures and providing relevant documentation, may apply to receive the shares they should inherit or the proceeds from their disposition. However, the fulfillment will still be subject to the company's overall performance indicators as outlined in the third paragraph of this section for the corresponding year.
- VII. Due to the operational needs of the Company, if an employee of the Company is required and approved by the Company to transfer to a subsidiary of the Company, and if they meet the vesting conditions stipulated in Article 5 of this regulation in the year of transfer, the Chairman may approve the proportion and timeframe for achieving the vesting conditions within the timeline and proportional scope agreed upon in the third paragraph of this section.
- VIII. The restricted employee rights new shares reclaimed by the Company without compensation will be canceled by the Company.
- IX. The rights restricted before the vesting conditions are met after employees are allocated new shares are as follows:
1. Before the vesting conditions are met after employees are allocated new shares, except for inheritance, the restricted employee rights new shares may not be sold, pledged, transferred, gifted to others, subjected to other rights, or disposed of in any other manner.
  2. Attendance, proposal, speech, voting, and election rights at the general meeting of shareholders should be fully represented by The Company in directing the trustee/custodian institution on behalf of employees.
  3. Except as stipulated by the trust/custodial agreement in the preceding paragraph, before the vesting conditions are met, employees allocated restricted employee rights new shares according to these regulations may still participate in stock and dividend distributions. Other rights, including but not limited to bonuses, legal reserves, and the right to receive allocations from capital reserves, are the same as those of the Company's issued common shares, but do not include the right to subscribe for cash capital increases.
  4. From the date when the Company's share transfers are suspended due to stock distribution without compensation, suspension of share transfers due to cash dividends, suspension of share transfers for cash capital increase subscription, the suspension period for shareholder meetings as stipulated in Article 165, Paragraph 3 of the Company Act, or

other legally mandated suspension periods until the record date for rights distribution, the time and procedure for lifting restrictions on vested shares for employees who meet the vesting conditions during this period shall be executed according to the trust/custodial agreement.

#### Article 6 Trust/Custody and Redemption

- I. During the period when restricted employee rights new shares are delivered for trust, The Company shall fully represent employees in negotiating, signing, amending, extending, dissolving, and terminating the trust contract with the stock trust institution, as well as in instructing on matters related to the delivery, use, and disposition of trust assets.
- II. Employees allocated restricted employee rights new shares according to these regulations must deliver all such shares into trust/custody before the vesting conditions are met. After employees meet the vesting conditions, the shares vested to the employees will be allocated to their personal securities depository accounts at the time specified in the trust/custodial agreement by the trust institution designated by The Company.
- III. Before the vesting conditions are met, stock dividends and cash dividends derived from the restricted employee rights new shares will be allocated to the employees' personal securities depository or bank accounts at the time specified in the trust/custodial agreement by the trust/custodian institution designated by The Company.
- IV. Before the vesting conditions are met, employees may not request the return of restricted employee rights new shares from the trustee or custodian for any reason or in any manner.

#### Article 7 Contract Signing and Confidentiality

- I. After the total units of restricted employee rights new shares issued, the subscription price, allocation principles, and the list of grantees are confirmed, the responsible unit will notify employees to sign the "Consent to Receive Restricted Employee Rights New Shares."
- II. After the grantee employees complete the signing according to the notification, they will obtain the restricted employee rights new shares. Those who do not complete the signing as required will be deemed to have forfeited the restricted employee rights new shares.
- III. After signing the "Restricted Employee Rights New Shares Receipt Consent Form," employees must adhere to confidentiality regulations and not disclose relevant case details or personal rights to others. If there is a violation deemed significant by the Company, on the date the Company determines the penalty, the employee will be considered as having lost the qualifications for meeting the vesting conditions. The shares for which the vesting conditions are not met will be reclaimed by the Company without compensation and canceled in accordance with the law.

- IV. Any holders of restricted employee rights new shares and derivative rights obtained under this plan must comply with the provisions of this plan and the "Consent to Receive Restricted Employee Rights New Shares."

#### Article 8 Taxation

The taxes related to the restricted employee rights new shares allocated according to this plan shall be handled in accordance with the tax laws of the Republic of China in effect at that time.

#### Article 9 Implementation and Amendments

- I. This method shall become effective upon the attendance of more than two-thirds of the Board of Directors and the approval of more than half of the attending directors, and upon approval by the competent authority. The same applies to any amendments before the issuance of new restricted employee rights shares. In the event that revisions are required by the competent authority during the review process, the Chairman is authorized to amend this method, which shall then be submitted to the Board of Directors for ratification before issuance.
- II. Any matters not covered by these Procedures, unless otherwise stipulated by laws and regulations, are fully authorized to be revised or executed by the Board of Directors or its authorized persons in accordance with relevant laws and regulations.

## Shun On Electronic Co., Limited

### List of candidates nominated by the Board of Directors in the year 2025 resolutions

Nominee Category	Name	Education	Experience	Current Position	Name of the represented government or corporation	Whether to serve as an independent director for three consecutive terms
Director	Chen Shih Chang	Master's in Computer Engineering, Syracuse University Bachelor's in Control Engineering, National Chiao Tung University	Gigabyte Group AVP  Motorola Application Engineer  Intel Technical Application Engineer	Special Assistant to the Chairman of Giga-Byte Technology Co., Ltd.  Corporate Director Representative of Selita Precision Co., Ltd.  Corporate Director Representative of Senyun Precision Optical Corporation  Corporate Director Representative of Daxon Technology Inc.  Corporate Director Representative of Senvision Technology Private Limited		Not applicable
Independent Director	Hu Jing Jing	Bachelor in Business Administration, Soochow University.	General Manager/Director of Aristotle Enterprises Inc  Director of Soochow Management Academic Foundation	General Manager/Director of Aristotle Enterprises Inc  Director of Soochow Management Academic Foundation		No

**Shun On Electronic Co., Limited**  
**Detailed Table of Resolutions by the Board of Directors in 2025**  
**to Lift the Non-Competition Restrictions on Directors**

Category	Name	Gender	Currently holding concurrent positions at this company and other companies
Director	Chen Shih Chang	Male	Special Assistant to the Chairman of Giga-Byte Technology Co., Ltd. Corporate Director Representative of Selita Precision Co., Ltd. Corporate Director Representative of Senyun Precision Optical Corporation Corporate Director Representative of Daxon Technology Inc. Corporate Director Representative of Senvision Technology Private Limited
Independent Director	Hu Jing Jing	Female	General Manager/Director of Aristotle Enterprises Inc Director of Soochow Management Academic Foundation



## 10. Appendix

[Appendix 1]

### **Shun On Electronic Co., Limited Shareholders' Meeting Rules**

Article 1: Unless otherwise stipulated by laws and regulations, the shareholders' meeting shall be conducted in accordance with these regulations.

Article 2: The company shall state the registration time, registration location, and other matters to be noted in the meeting notice to shareholders, solicitors, and proxy agents (hereinafter referred to as "shareholders").

Shareholders should report at least thirty minutes before the start of the meeting; the registration location should be clearly marked and staffed by competent personnel; Shareholders participating via video conference of the shareholders' meeting should check in on the video conference platform 30 minutes before the start of the meeting. Shareholders who have completed the check-in are considered to have personally attended the shareholders' meeting.

Shareholders shall attend the shareholders' meeting with their attendance certificate, attendance card, or other attendance documents. The company shall not arbitrarily request additional proof of attendance based on the documents presented by shareholders. Persons seeking proxies shall also bring their identification documents for verification.

The Company shall provide a sign-in book or accept sign-in cards submitted by attending Shareholders on behalf of their attendance.

Shareholders who participate in the shareholders' meeting via video conference should register with the company at least 2 days before the meeting.

For shareholders who participate in the shareholders' meeting via video conference, the company should provide the meeting handbook, annual report, and other relevant materials on the video conference platform at least 30 minutes before the start of the meeting, which should be disclosed until the meeting is adjourned.

Article 3: Attendance and voting at the shareholders' meeting shall be based on the number of shares held. The number of shares represented shall be calculated based on the sign in book, the submitted attendance cards, or stated number of shares during video conference check-in.

Article 4: The location for convening the Meeting shall be at the premise of the Company or at a site convenient for shareholders to attend the meeting and suitable for convening the Meeting. The meeting should start no earlier than 9:00 AM or 3:00 PM.

The video conference of the shareholders' meeting is not under the above limitations of the location for convening the meeting.

Article 5: If the shareholders' meeting is convened by the Board of Directors, the Chairperson shall be the Chairman of the Board of Directors. If the Chairman of the Board of Directors is absent or unable to perform his/her duties due to reasons, one of the Executive Directors designated by the Chairman of the Board of Directors shall act on his/her behalf. If the Chairman of the Board of Directors does not designate a proxy, one of the Executive

Directors or Directors shall be elected by mutual recommendation to act on his/her  
Directors shall be elected by mutual recommendation to act on his/her behalf.

If the shareholders' meeting is convened by a person other than the board of directors with the right to convene, the chairman shall be the person with the right to convene. If there are two or more persons with the right to convene, one shall be mutually nominated as the chairman.

Article 6: The company may appoint appointed lawyers, accountants, or related personnel to attend the shareholders' meeting.

The meeting staff members for the Meeting shall wear an ID badge or an armband badge.

Article 7: The company shall record the entire process of shareholder registration, meeting proceedings, and vote counting continuously and without interruption through audio and video recording from the start of shareholder registration. The recordings shall be kept for at least one year. However, if litigation is initiated by shareholders pursuant to Article 189 of the Company Act, the recordings shall be kept until the conclusion of the litigation. However, for shareholders instituting a lawsuit in accordance with Article 189 of the Company Act, the said audio-visual information should be kept until the end of the lawsuit. For shareholders' meetings conducted via video conference, the company shall record and retain information regarding shareholder registration, attendance, check-in, questioning, voting, and the company's vote tally results. The entire video conference shall be continuously recorded and filmed without interruption. These records, as well as the audio and video recordings, shall be properly preserved throughout their validity period.

The company shall ensure the proper storage of the aforementioned data, audio, and video recordings, and provide the entrusted party responsible for handling video conference affairs with copies for safekeeping.

Article 8: When the meeting time arrives, the chairman shall announce the opening of the meeting. However, if the shareholders holding over half of the issued shares are not present, the chairman may announce a postponement of the meeting. The number of postponements shall not exceed two, with a total postponement time not exceeding one hour. If after two postponements there are still insufficient attendees but more than one-third of the total issued shares represented by shareholders are present, the chairman shall announce the adjournment of the meeting. For shareholders' meetings conducted via video conference, the company shall also announce the adjournment on the shareholders' video conference platform. If, after the second postponement, there are still not enough attendees but shareholders representing more than one third of the total issued shares are present, a fictitious resolution may be made according to Article 175, Paragraph 1, of the Company Act; for shareholders' meetings conducted via video conference, shareholder intending to participate via video conference should re-register with the company according to Article 2.

Before the end of the Meeting, if attending shareholders represent more than half of the outstanding shares, the chairperson may make a fictitious resolution according to Article 174 of the Company Act and demand re-voting on the resolution.

Article 9: If the Board is the convener of the Meeting, the meeting agenda shall be determined by the Board, and the meeting should be conducted according to the agenda, which cannot be altered unless it is passed through a resolution in the Meeting.

If the shareholders' meeting is convened by a person other than the board of directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Before the completion of the agenda set forth in the preceding two clauses, including ad hoc motions, the chairman may not adjourn the meeting without a resolution. If the chairman violates the rules of procedure and announces the adjournment of the meeting, with the consent of the majority of voting rights present, the shareholders may elect a person to serve as chairman and continue the meeting.

After the meeting is adjourned, the shareholders may not elect another chairman to continue the meeting at the original location or seek another venue.

Article 10: Before speaking, shareholders in attendance must fill out a speech slip indicating the main points of their speech, their shareholder account number (or attendance certificate number), and their name. The chairman shall determine the speaking order.

An attending shareholder submitting the speech note but without speaking is deemed as without speaking. If the content of the speech does not match what is recorded on the speech slip, the content of the speech shall prevail.

While a shareholder is making a speech, other shareholders may not speak out of turn unless they have obtained the consent of the Chairman and the speaker, and any violation of this rule by a shareholder should be stopped by the Chairman.

Article 11: Each shareholder is allowed to speak on the same agenda item with the chairman's permission, but not exceeding two times, and each time should not exceed five minutes; if the shareholder violates the rules or exceeds the scope of the motion, the Chairman may stop the speaker.

While a shareholder is making a speech, other shareholders may not speak out of turn unless they have obtained the consent of the Chairman and the speaker, and any violation of this rule by a shareholder should be stopped by the Chairman.

When two or more representatives are assigned by a legal person shareholder to attend a shareholders' meeting, only one of them is allowed to speak on the same agenda item.

Shareholders who attend the shareholders' meeting via video conference may ask questions in writing on the shareholders' meeting video conference platform, within the opening of the meeting by the Chairman until the adjournment of the meeting. Each question regarding each agenda item may not exceed two times, with a limit of 200 words each time, and this does not apply to the provisions of Article 10 and the first three items of this article.

Article 12: When a legal entity attends the shareholders' meeting as a trustee, only one representative may be appointed to attend.

Article 13: Once an attending shareholder has delivered the speech, the chairperson shall respond either in person or designate a person to respond to the shareholder's concern.

Article 14: When the chairman deems that the discussion on an agenda item has reached a point where it can be put to a vote, the chairman may announce the cessation of discussion and proceed to the voting.

Article 15: The chairman shall designate the inspectors of the vote and the vote counters, but the inspectors of the vote should have the shareholder status. The result of the vote should be reported immediately and recorded.

Shareholders participating via video conference should conduct voting on various agenda items and election proposals through the platform after the chairman announces the start of the meeting. They should complete the voting before the chairman announces the end of the voting. Those who exceed the time limit will be considered as abstaining. After the chairman announces the end of the voting, the votes should be counted once, and the results of the voting and elections should be announced.

Article 16: During the meeting, the chairman may announce a break at their discretion.

Article 17: The voting on agenda items, unless otherwise specified by the Company Act or the company's articles of incorporation, shall be approved with the consent of the majority of voting rights present. During the voting, if the chairman asks if there are no objections from all attending shareholders, it shall be deemed as approved, with the same effect as a vote. The results of shareholders' agreement, opposition, and abstention shall be entered into the public information system on the same day as the shareholders' meeting.

The resolutions of the shareholders' meeting shall be recorded in the minutes, signed or stamped by the chairman, and distributed to the shareholders within twenty days after the meeting. The minutes should accurately record the date, month, year, venue of the meeting, the name of the chairman, and the method of decision-making. The essential points and results of the proceedings should be recorded. The minutes of the shareholders' meeting should be permanently and properly preserved during the existence of the company.

For shareholders' meetings conducted via video conference, in addition to the matters that should be recorded according to the previous provisions, the minutes should also include the start and end times of the shareholders' meeting, the method of convening the meeting, the names of the Chairman and the Recorder, as well as the handling methods and situations when obstacles occur on the video conference platform or when participating via video due to natural disasters, emergencies, or other force majeure events. When the company holds a shareholders' meeting via video conference, in addition to complying with the provisions of the previous section, the minutes should also specify alternative measures provided to shareholders who have difficulty participating in the meeting via video conference.

Article 18: When there are amendments or alternative proposals for the same agenda item, the chairman shall determine the voting sequence in conjunction with the original proposal. If one of the proposals has been adopted, the other proposals shall be deemed rejected and no further voting shall be conducted.

Article 19: The chairman may direct inspectors (or security personnel) to assist in maintaining order at the venue. When inspectors (or security personnel) are present to assist in maintaining order, they should wear armbands indicating "Inspector".

Article 20: When the company holds the shareholders' meeting via video conference, the meeting notice should clearly state the following items:

1. Methods for shareholders to participate in video conferences and exercise their rights.
2. The handling methods for obstacles occurring on the video conference platform or difficulties in participating due to natural disasters, emergencies, or other force majeure events should include the following items:
  - (1) If the obstacles mentioned above persist and cannot be resolved, leading to the need to postpone or continue the meeting, and the time for postponing or continuing the meeting.
  - (2) Shareholders who did not register to take part by video conferencing in the originally scheduled shareholders' meeting by video conferencing may not take part by video conferencing in the postponed or reconvened meeting.
  - (3) If the video conference shareholders' meeting cannot continue, after deducting the number of shares represented by shareholders who participated, if the total number of shares represented reaches the statutory quorum required for the shareholders' meeting to commence, the shareholders' meeting should proceed. Shareholders participating via video conference should have their represented shares counted towards the total shares represented by attending shareholders. For all agenda items of that shareholders' meeting, they are considered as having abstained.
  - (4) The handling method in cases where the results of all agenda items have been announced, and no ad-hoc motions have been made.
3. When holding a shareholders' meeting via video conference, alternative measures provided to shareholders who have difficulty participating in the meeting via video conference should be specified.

Article 21: When the company holds a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting via video as stipulated in Article 2 and wish to attend the physical shareholders' meeting in person should cancel their registration in the same manner as the initial registration at least two days before the meeting. Those who fail to cancel their registration by the deadline may only attend the shareholders' meeting via video conference.

Shareholders who exercise their voting rights in writing or electronically and have not withdrawn their expressions of intent, and those who participate in the shareholders' meeting via video conference, may not exercise voting rights again on the original agenda

items or propose amendments to the original agenda items, or exercise voting rights on the amendments to the original agenda items, except for ad-hoc motions.

Article 22: When the shareholders' meeting is held via video conference, the company should promptly disclose the voting results and election results of each agenda item on the shareholders' meeting video conference platform after the voting ends, in accordance with the regulations. The company should continue to disclose this information for at least fifteen minutes after the chairman announces the adjournment of the meeting.

Article 23: When the company holds a video shareholders' meeting, the Chairman and the recording personnel should be at the same location within the country. The Chairman should announce the address of that location at the beginning of the meeting.

Article 24: When the shareholders' meeting is convened via video conferencing, if due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the video conferencing platform or in participation by means of video conferencing, such that the meeting cannot be convened or cannot continue, then unless otherwise provided by these Regulations, the company shall postpone the meeting for not more than, or reconvene the meeting within, 5 days, and Article 182 of the Company Act shall not apply.

When a company postpones or reconvenes a meeting under the preceding article, shareholders who did not register to take part by video conferencing in the originally scheduled shareholders' meeting by video conferencing may not take part by video conferencing in the postponed or reconvened meeting.

When a company postpones or reconvenes a meeting under Paragraph 1, shareholders who registered to take part by video conferencing in the originally scheduled shareholders' meeting and completed sign-in, but do not participate in the postponed or reconvened meeting, the number of shares represented by them and voting rights and election rights exercised by them shall be counted toward the total number of shares, number of voting rights and number of election rights of shareholders represented at the postponed or reconvened meeting.

When a company postpones or reconvenes a shareholders' meeting as set out in Paragraph 1, no redundant discussion or resolution is required for proposals, or for lists of elected directors and supervisors, for which the votes have already been cast and counted and the results have been announced.

When inability to continue video conferencing as set out in Paragraph 2 occurs at a hybrid shareholders' meeting convened by the company, if the total number of shares represented at the shareholders' meeting after deduction of the number of shares represented through attendance by video conferencing still reaches the legal quorum for convening of the shareholders' meeting, the shareholders' meeting shall continue in session, without need to postpone or reconvene the meeting as set out in Paragraph 1.

When it occurs that a shareholders' meeting shall continue in session as set out in the preceding paragraph, the number of shares represented by the shareholders who were attending the shareholders' meeting by video conferencing shall be counted toward the

total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.

When a company postpones a meeting or reconvenes the meeting as set out in Paragraph 1, the company shall perform the preliminary work set out in the provisions based on the originally scheduled date of the shareholders' meeting and the content of the respective provisions.

The company shall perform the matters provided for therein based on the date of the shareholders' meeting as postponed or reconvened under Paragraph 2 herein: the latter part of Article 12, and Article 13 Paragraph 3, of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies; Article 44-5 Paragraph 2, Article 44-15, and Article 44-17 Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 25: This operational procedure was established on March 4, 2002.

First revision date: June 24, 2015

Second revision date: June 29, 2018

Third revision date: June 23, 2022

## **Shun On Electronic Co., Limited**

### **Articles of Incorporation**

#### **Chapter 1: General Provisions**

- Article 1: This company is organized in accordance with the Company Act and shall be named Shun On Electronic Co., Limited.
- Article 2: The business scope of this company includes the following:
1. C805050 Industrial Plastic Product Manufacturing.
  2. CC01990 Manufacturing of Other Electrical and Electronic Machinery and Equipment.
  3. CB01010 Machinery Equipment Manufacturing.
  4. F401021 Import of Telecommunications Regulatory RF Equipment.
  5. ZZ99999 In addition to licensed operations, the company may engage in non-prohibited or restricted businesses according to laws and regulations.
  6. I301010 Information Software Services.
  7. I301020 Data Processing Services.
  8. I301030 Electronic Information Supply Services.
  9. I501010 Product Design Services.
  10. F113050 Wholesale of computer and office equipment.
  11. F113070 Wholesale of telecommunications equipment.
  12. F114010 Wholesale of automobiles.
  13. F114020 Wholesale of motorcycles.
  14. F114030 Wholesale of automotive and motorcycle parts and accessories.
  15. F119010 Wholesale of electronic materials.
  16. F214010 Retail sale of automobiles.
  17. F214030 Retail sale of automotive and motorcycle parts and accessories.
  18. F401010 International trade.
  19. CC01080 Manufacture of electronic components.
  20. CC01110 Manufacture of computers and peripheral equipment.
  21. CD01030 Manufacture of automobiles and their parts.
  22. CE01030 Manufacture of optical instruments.
  23. JA01990 Other automotive services.
  24. F106030 Wholesale of molds.
  25. F206030 Retail sale of molds.
  26. F113010 Wholesale of machinery.
  27. F213080 Retail sale of machinery and equipment.
  28. F114080 Wholesale of railway vehicles and parts.
  29. CQ01010 Manufacture of molds.



- Article 2-1: This company is not subject to the restrictions of Article 13 of the Company Act regarding outward investment.
- Article 2-2: For business needs, this company, upon the decision of the Board of Directors, may provide guarantees to third parties.
- Article 3: This company shall establish its headquarters in Taipei City and may, when necessary and upon the decision of the Board of Directors, establish branch offices domestically and internationally.
- Article 4: The methods of announcement by this company shall comply with the provisions of Article 28 of the Company Act.

## **Chapter 2: Shares**

- Article 5: The total capital of this company is set at NT\$4 billion, divided into 400 million shares with a par value of NT\$10 per share, to be issued in separate installments authorized by the Board of Directors.  
The total shares mentioned in the preceding paragraph shall reserve NT\$70 million, divided into 7 million shares with a par value of NT\$10 per share, for the exercise of employee stock options, to be issued in separate installments authorized by the Board of Directors.
- Article 5-1: The issuance price of employee stock options by this company shall not be subject to relevant regulations; however, it shall require the presence of shareholders representing more than half of the total issued shares and the approval of two-thirds or more of the voting rights of the attending shareholders at the shareholders' meeting. It may be filed in separate installments within one year from the date of the shareholders' meeting resolution.
- Article 5-2: When this company repurchases treasury shares, it may transfer them to employees at a price lower than the actual repurchase price, subject to relevant regulations and the approval of shareholders representing more than half of the total issued shares and two-thirds or more of the voting rights of the attending shareholders at the shareholders' meeting.
- Article 6: When this company issues new shares, the employees eligible for subscription shall include employees of this company and its domestic and foreign controlling or subsidiary companies who meet certain conditions, which shall be determined by the authorization of the Board of Directors.  
The restricted recipients of new shares with limited employee rights issued by this company shall include employees of this company and its domestic and foreign controlling or subsidiary companies who meet certain conditions, which shall be determined by the authorization of the Board of Directors.
- Article 7: The company's stocks are generally registered shares, signed or stamped by directors of the company and issued after being certified according to the law. They may also be issued in the form of uncertificated shares, but

registration with a securities central depository institution shall be required.

- Article 8: During the period starting sixty days before the annual general meeting of shareholders, thirty days before the extraordinary general meeting of shareholders, or five days before the record date for distribution of dividends, bonuses, or other benefits determined by the company, all share transfers and changes of ownership shall be suspended.

### **Chapter 3: General Meeting of Shareholders**

- Article 9: The general meeting of shareholders consists of regular meetings and extraordinary meetings. The regular meeting shall be held once a year within six months after the end of each fiscal year, convened by the Board of Directors in accordance with the law. The extraordinary meeting shall be convened when necessary according to the law.
- Article 9-1: The general meeting of shareholders may be conducted via video conference or by other methods announced by the Ministry of Economic Affairs.
- Article 10: In case a shareholder is unable to attend a general meeting of shareholders, the shareholder may issue a power of attorney, issued by the company, specifying the scope of authorization and authorizing a proxy to attend on their behalf, with a signature or seal. When a shareholder authorizes a proxy to attend, the provisions of the "Rules for the Use of Power of Attorney by Shareholders of Public Companies at General Meetings of Shareholders" issued by the competent authority shall be followed, in addition to the provisions of the Company Act.
- Article 11: Each shareholder of the company is entitled to one vote per share, unless otherwise stipulated in Article 179 of the Company Act, in which case there is no voting right.
- Article 12: Resolutions of the general meeting of shareholders shall require the presence of shareholders representing more than half of the total issued shares, and the approval of more than half of the voting rights of the attending shareholders. Voting on agenda items at the general meeting of shareholders may be conducted in writing or electronically in accordance with relevant laws and regulations. The related procedures shall be conducted in accordance with the regulations of the competent authority.

## **Chapter 4: Directors and Audit Committee**

- Article 13: The company shall have five to eleven directors, including no less than three independent directors, who shall account for no less than one-fifth of the total number of directors. The term of office is three years. The election of directors of the company shall follow the candidate nomination system stipulated in Article 192-1 of the Company Act. The directors and independent directors shall be elected from the candidate list by the shareholders, and consecutive re-election is allowed. The Corporation complies with regulations stipulated by the competent authority of securities for the professional qualification, shareholding, part-time restriction, nomination, election, and other regulations of its Independent Directors. The total proportion of shareholding by all directors and supervisors shall comply with the regulations of the securities regulatory authority.
- Article 13-1: The company establishes an Audit Committee in accordance with Article 14-4 of the Securities Exchange Act, which consists of all independent directors. The committee is responsible for exercising the powers that should be performed by the supervisor as stipulated in the Company Act, Securities Exchange Act, and other applicable laws and regulations.
- Article 14: The Board of Directors is organized by the directors. A Chairman of the Board shall be elected by a two-thirds majority of the attending directors, with the consent of the majority of the attending directors. A Chairman of the Board shall be elected by a two-thirds majority of the attending directors, with the consent of the majority of the attending directors. The Chairman represents the company externally. If necessary, a Vice Chairman may also be elected.
- Article 14-1: Resolutions of the Board of Directors shall require the presence of more than half of the directors, and the approval of a majority of the attending directors, unless otherwise stipulated by the Company Act or these articles. In case a director is unable to attend a board meeting, the director may issue a power of attorney to authorize another director to attend as a proxy. If the board meeting is conducted through video conference, the directors participating in the meeting via video shall be deemed to be present in person.
- Article 14-2: The remuneration of the Chairman and directors shall be determined by the Board of Directors based on their level of participation and contribution to the company's operations, taking into account industry standards. The Board of Directors may also resolve to purchase liability insurance for directors and key officers.

Article 14-3: The convening of the Board of Directors shall be notified to each director in writing, by email, or by fax at least seven days in advance.

In case of emergency, the Board of Directors may be convened at any time, and the notification may also be made in writing, by email, or by fax.

Article 15: In the event that the Chairman of the Board takes a leave of absence or is unable to perform their duties, their proxy shall be appointed in accordance with Article 208 of the Company Act.

## **Chapter 5: Management**

Article 16: The company may appoint and dismiss managers in accordance with Article 29 of the Company Act. Their remuneration shall also be handled in accordance with the same article.

## **Chapter 6: Accounting**

Article 17: At the end of each fiscal year, the company shall prepare the following documents and submit them to the shareholders' general meeting for approval in accordance with the law: (1) Business report, (2) Financial statements, and (3) Proposal for the distribution of profits or offsetting of losses.

Article 18: As the company is in the stage of operational growth, and in consideration of the long-term stable growth and funding needs for investment activities, the company's dividend policy generally emphasizes the distribution of stock dividends. Cash dividends may be distributed after considering the funds required for the company's operations, but the cash dividend shall not exceed 80% of the distributable earnings for the current year.

Article 19: If the company has profits for the year, 10% to 15% shall be allocated for employee compensation, of which not less than 1% shall be distributed to entry-level employees. The distribution may be made in the form of stock or cash, subject to special resolution by the Board of Directors. The recipients of the distribution include employees of the company and its domestic and foreign controlled or subsidiary companies who meet certain conditions authorized by the Board of Directors. The allocation of not more than 5% for director compensation may be specially resolved by the Board of Directors. Reports on the distribution of employee compensation and director compensation shall be submitted to the shareholders' meeting. However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first.

Article 19-1: If there is a surplus in the annual financial statements, taxes shall be paid first, followed by the offsetting of accumulated losses. 10% shall be allocated as the legal surplus reserve, and a special surplus reserve may

be set up or reversed according to operational needs or legal requirements. After reserving a portion of the surplus in accordance with business conditions and balancing dividend policies, the remaining balance, along with undistributed earnings from previous years, shall be proposed by the Board of Directors for distribution based on a resolution of the shareholders' meeting. If the distribution of dividends, statutory surplus reserves, or capital surplus reserves, in whole or in part, is to be made in the form of cash, it may be authorized by a resolution of at least two-thirds of the attending directors, with the consent of the majority of the attending directors, and reported to the shareholders' meeting.

Article 20: Matters not covered in these articles shall be handled in accordance with the provisions of the Company Act.

Article 21: These articles were established on January 6, 1996.  
The first amendment was made on March 11, 1996.  
The second amendment was made on February 20, 1997.  
The third amendment was made on May 23, 2000.  
The fourth amendment was made on July 21, 2000.  
The fifth amendment was made on November 10, 2000.  
The sixth amendment was made on March 1, 2001.  
The seventh amendment was made on April 30, 2001.  
The eighth amendment was made on March 4, 2002.  
The ninth amendment was made on March 4, 2002.  
The tenth amendment was made on April 24, 2003.  
The eleventh amendment was made on April 24, 2003.  
The twelfth amendment was made on June 16, 2005.  
The thirteenth amendment was made on June 16, 2005.  
The fourteenth amendment was made on June 15, 2006.  
The fifteenth amendment was made on June 7, 2007.  
The sixteenth amendment was made on June 13, 2008.  
The seventeenth amendment was made on June 29, 2010.  
The eighteenth amendment was made on June 18, 2012.  
The nineteenth amendment was made on June 28, 2013.  
The twentieth amendment was made on June 8, 2016.  
The twenty-first amendment was made on May 3, 2017.  
The twenty-second amendment was made on June 29, 2018.  
The twenty-third amendment was made on June 10, 2019.  
The twenty-fourth amendment was made on June 11, 2020.  
The twenty-fifth amendment was made on June 23, 2022.  
The twenty-sixth amendment was made on June 26, 2024.  
The twenty-seventh amendment was made on June 27, 2025.

Shun On Electronic Co., Limited

Chairman: Jong-Hwa Chin

## **Shun On Electronic Co., Limited**

### **Measures Governing Election of Directors**

- Article 1: In order to elect directors in a fair, just, and open manner, these procedures are hereby established in accordance with Articles 21 and 41 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”. Unless otherwise provided by law or the Articles of Incorporation, the election of directors of the Company shall be conducted in accordance with the provisions of these Procedures.
- Article 2: The election of directors of the Company shall take into consideration the overall composition of the Board of Directors. The composition of the Board of Directors shall be diversified and based on the criteria of basic qualifications and professional knowledge and skills.  
Board members shall generally possess the knowledge, skills, and qualities necessary for the performance of duties, such as operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspectives, leadership, and decision-making capabilities.  
More than half of the directors shall not be related to each other by a spousal relationship or a familial relationship within the second degree of kinship.
- Article 3: The Company shall adopt the cumulative voting system for the election of directors, whereby each share has the same number of voting rights as the number of persons to be elected, and may elect one person in a centralized manner or be allocated to elect a number of persons.  
The Company shall adopt the candidate nomination system for the election of directors. Candidates shall follow the procedures of the candidate nomination system as stipulated in Article 192-1 of the Company Act to examine the qualifications, academic background, and the existence of any of the conditions set forth in Article 30 of the Company Act. The results of the examination shall be provided to the shareholders for reference in order to elect the appropriate directors.  
The qualifications and election of independent directors of the Company shall be in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and relevant laws and regulations.
- Article 4: The election of directors of the Company shall be in accordance with the quotas prescribed in the Articles of Incorporation. The election rights of

independent directors and non-independent directors shall be counted separately. The person who receives the greater number of election rights represented by the election ballots shall be elected in the order of precedence. In the event that two or more persons receive the same number of election rights and the prescribed quota is exceeded, the person who receives the same number of election rights shall be determined by drawing lots, with the Chairman drawing lots on behalf of the persons who are not present at the meeting.

Article 5: The Board of Directors shall prepare election ballots equal to the number of directors to be elected, fill in weightings, and distribute them to the shareholders attending the shareholders' meeting. The names of the electors may be substituted by the attendance card numbers printed on the election ballots. For those who exercise voting rights by electronic means, no separate ballot will be issued.

Article 6: Prior to the election, the Chairman shall designate a number of scrutineers and tellers to perform the relevant duties.

Article 7: The Board of Directors shall set up a ballot box, which shall be opened by the scrutineers in public before the voting.

Article 8: If the candidate is a shareholder, the elector shall fill out the name and the shareholder account number of the candidate in the "Candidate" column of the election ballot; if the candidate is not a shareholder, the name of the candidate and his/her identity card number shall be filled out. However, if a government or legal person shareholder is a candidate, the name of the government or legal person shareholder shall be filled out in the candidate name column of the election ballot, and the name of the government or legal person shareholder and the name of its representative(s) may also be filled out; if there is more than one representative, the name of the representative(s) shall be filled out separately.

Article 9: Election ballots shall be invalidated if any of the following conditions applies:

1. The ballot is not used in accordance with the provisions of these Measures.
2. A blank ballot is inserted into the ballot box.
3. The writing is illegible or has been altered.
4. The identity and shareholder account number of the candidate does not correspond to that of the shareholder register if the candidate is a shareholder; the name and identity card number of the candidate does not correspond to that of the candidate if the candidate is not a shareholder.
5. Other words are included in the ballot in addition to the name and shareholder account number or identity card number of the candidate.



6. The name of the candidate is the same as that of other shareholders, but the shareholder account number or identity card number is not filled out to identify the candidate.

7. The same ballot contains two or more candidates.

Article 10: The ballots shall be opened on the spot after the polls are completed. The results shall be announced by the Chairman on the spot, including the list of directors elected and their elected weights.

Election ballots as mentioned in the preceding election matters shall be sealed and signed by the scrutineers and retained properly for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the lawsuit is terminated.

Article 11: The Board of Directors of the Company shall issue a notice of election to each elected director.

Article 12: Matters not provided for in these Measures shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 13: These Measures shall be implemented upon approval by the shareholders' meeting. The same applies to any amendments thereof.

Article 14: Remarks

First revision date: 2015.06.24

Second revision date: 2018.06.29

Third revision date: 2020.06.11

## Individual and Collective Shareholding of Directors and Supervisors as Recorded in the Shareholders' Registry

Job Title	Name	Shareholder on the record date Number of shares held as recorded in the shareholder registry		Remarks
		Number of shares	Percentage of shareholding	
Chairman	Jong-Hwa Chin	0	0.00%	
Director	Min Tai International Co., Ltd. Representative: Tomoyuki Yamada	26,251,691	17.75%	
Director	Min Tai International Co., Ltd. Representative: Juei-Chen Chang	26,251,691	17.75%	
Director	Trustee of Chinatrust Commercial Bank, entrusted custody by Long Hong Limited Representative: Kuo-Feng Chin	12,600,000	8.52%	
Director	Zhi Jia Investment Co., Ltd. Representative: Pei-Cheng Yeh	13,953,000	9.43%	
Director	Chicony Electronic Co., Ltd. Representative: Chin-Chung Lu	10,752,254	7.27%	
Independent Director	Wen-Rong Cheng	0	0.00%	
Independent Director	Sheng-Kung Tai	0	0.00%	
Independent Director	Kuo-Fei Li	0	0.00%	

Note: As of April 29, 2025, the record date, the total number of issued shares of the company is 147,906,343 shares.

1. The total number of shares that all directors of the company are legally required to hold is 8,874,381 shares, and the total number of shares held by all directors of the company is 63,556,945 shares.
2. Independent directors are not included in the calculation of director shareholdings.
3. The company has established an audit committee, so the statutory requirement for supervisors to hold shares does not apply.



淳安電子

SHUN ON ELECTRONIC CO., LTD.