

Stock Code: 6283



淳安電子

**SHUN ON ELECTRONIC CO., LTD**  
**2024 Annual Shareholders' Meeting**  
**Meeting Handbook**

Time and Date: 09:00 a.m, June 26, 2024

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 2024

Meeting Method: Physical Shareholders' Meeting.

Date: June 26, 2024 (Wednesday) 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 2023
  2. Audit Committee's review of the 2023 financial statements
4. Recognition Matters
  1. Approval of the 2023 business report and financial statements
  2. Approval of the 2023 loss appropriation
5. Discussion Matters
  1. Amendment proposal for the "Articles of Association".
  2. Amendment proposal for the "Operating Procedures for Fund Lending and Endorsement Guarantee".
6. Ad Hoc Motions
7. Adjournment

## 2. Reporting Matters

Item 1:

Subject: Business report for 2023

Explanation:

(1) Individual Financial Statements for 2023:

1. Operating revenue: NT\$390,793 thousand  
Operating costs: NT\$349,121 thousand  
Gross profit: NT\$41,672 thousand  
Operating expenses: NT\$94,376 thousand  
Operating loss: NT\$52,704 thousand  
Non-operating expenses: NT\$141,855 thousand  
Pre-tax net loss: NT\$194,559 thousand  
Income tax benefit: NT\$19,497 thousand  
Net loss after tax: NT\$175,062 thousand  
Loss per share after tax: NT\$1.19
2. Total assets as of December 31, 2023: NT\$2,050,354 thousand  
Total liabilities: NT\$499,067 thousand  
Shareholders' equity: NT\$1,551,287 thousand

(2) Consolidated Financial Statements for 2023:

1. Consolidated operating revenue: NT\$1,288,950 thousand  
Consolidated operating costs: NT\$1,199,994 thousand  
Consolidated gross profit: NT\$88,956 thousand  
Consolidated operating expenses: NT\$283,940 thousand  
Consolidated operating loss: NT\$194,984 thousand  
Consolidated non-operating expenses: NT\$21,256 thousand  
Consolidated pre-tax net loss: NT\$216,240 thousand  
Consolidated income tax expense: NT\$17,585 thousand  
Consolidated net loss after tax: NT\$198,655 thousand  
Consolidated loss per share after tax: NT\$1.19
2. Total assets as of December 31, 2023: NT\$2,611,360 thousand

Total liabilities: NT\$830,327 thousand

Shareholders' equity: NT\$1,781,033 thousand

(3) Please refer to Attachment 1 for the business report and Attachment 3 for the financial statements mentioned above.

(4) Your attention to the above is greatly appreciated.

Item 2:

Subject: Audit Committee's review of the 2023 financial statements

Explanation:

1. Based on the review conducted by the Audit Committee, the 2023 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.

### 3. Recognition Matters

Item 1:

Proposed by Board of Directors

Subject: The 2023 Business Report and Financial Statements

Explanation:

- (1) The 2023 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 Deloitte & Touche, with the audit verification signatures of Ms. Yu-Ling Cai and Mr. Wen-Qin Lin attached.
- (3) Please find the 2023 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: 2023 Loss Appropriation

Explanation:

- (1) The proposed 2023 loss appropriation table is included in Attachment 4.
- (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 Association".

Explanation:

- (1) In response to the Company's business requirements, certain contents have been revised. This revised proposal is submitted for discussion at the Shareholders' Meeting. Please refer to Attachment 5 for a comparison table of the amendments.
- (2) Your discussion on this matter is kindly requested.

Resolution:

Item 2:

Proposed by Board of Directors

Subject: Amendment of "Funds Lending and Endorsement Guarantee  
Operation Procedures"

Explanation:

- (3) To accommodate the Company's operational needs and adjust certain provisions, amendments have been made to the "Funds Lending and Endorsement Guarantee Operation Procedures." This amended version is presented for discussion at the Shareholders' Meeting. Please refer to Attachment 6 for a comparison table of the amendments.
- (4) Your discussion on this matter is kindly requested.

Resolution:

## **5. Ad Hoc Motions**

## **6. Adjournment**

## 7. Attachment

[Attachment 1]

### Shun On Electronic Co., Limited Business Report for the Year 2023

The overall revenue and profitability of the Company experienced a slight decline in 2023. The consolidated operating income for the year was NT\$1,288,950 thousand, a decrease of NT\$441,785 thousand compared to the NT\$1,730,735 thousand in 2022, representing a decline of 25.53%. The net loss attributable to the Company after tax was NT\$175,062 thousand. The decrease in revenue was mainly due to customer destocking leading to slower orders to the company. Presented below is the business report for 2023:

#### (1) Overview of 2023 Operational Plan

##### 1. Implementation of the Business Plan:

Conductive films are the foundation of Shun On Electronic Co., Limited's business. In 2023, the Company continued to provide customers with high-quality and stable supply of film products while actively expanding its business with automotive customers and automotive electronic products.

In 2023

- (1) The HD automotive camera and HD surround view imaging system have been successively chosen by fixed-point key customers for new car models, establishing the company's intensity in business operations for key customers. At the same time, Shun On Electronic Co., Limited is also expanding its camera business to overseas enterprises, successfully acquiring fixed-point business from Japanese brands for multiple car models in Southeast Asia.
- (2) The Company officially obtained ISO26262 ASIL D certification, one of the most stringent specification certifications for automotive components. Fulfilling these standards demonstrate the superior quality and performance of the company's electronic products, reinforcing the expectations of European, American, and Japanese customers for the safety, reliability, and compliance of the Company's electronic products.

2. **Budget Execution:** As the Company did not disclose financial budget figures for 2023, there is no budget achievement status to report at this time.



### 3. Financial Income and Profitability Analysis (IFRS):

Item \ Year		2022	2023
Financial structure (%)	Debt-to-Asset Ratio	33.00%	31.80%
	Long-term Funds to Fixed Assets Ratio	407.26%	417.62%
Profitability (%)	Return on Assets (ROA)	(2.26)%	(7.31)%
	Return on Equity (ROE)	(3.59)%	(10.55)%
	Net Profit Margin	(4.16)%	(15.41)%
	Earnings Per Share (NT\$)	(0.62)	(1.19)

## (2) Overview of 2024 Operational Plan

### 1. Business Policy

- (1) The electric vehicle market has grown rapidly, especially in major markets such as China, Europe, and the United States. Many automotive manufacturers have increased investment in electric vehicles, rolling out a growing number of electric vehicle models. In response to the diversification of demand and performance algorithms for electric vehicle electronics, the company has actively adjusted its product development strategy and will invest R&D and technology resources into innovative products such as domain controllers and related subsystem control units.
- (2) The product roadmap will progress from combustion engine vehicles and electric vehicles to transportation vehicles such as large, smart heavy-duty trucks and pickup trucks.
- (3) Expanding camera development achievements towards customers in the South America market.

### 2. Expected Sales Quantity and Basis: The Company has not publicly disclosed financial forecasts for 2024.

### 3. Important Production and Sales Policies:

- (1) Expand the penetration rate of Chinese joint venture car manufacturers and reduce the proportion of domestic customers to strengthen the business foundation.
- (2) By leveraging the development project of the European customer's surround-view system, we will extend the level of AVM (Around View Monitor) development achievements to other clients.
- (3) Establish stable and long-term relationships with suppliers, creating win-win situations from fully utilizing supplier resources and collaborative opportunities.
- (4) Promote platform-based products to reduce development costs and create advantages in automation and scaled production.

## (3) The Company's Future Development Strategies

- (1) Market Expansion: Explore new markets and customer groups, and expand the

coverage of products or services. This includes expanding geographical areas of operation, product line expansion, or innovative new products targeting different market segments.

- (2) Innovation and R&D: Allocate more resources for innovation and independent visual algorithm research and development, develop new products and services to meet market demands, and maintain competitive advantages.
- (3) Strategic Cooperation: Expand scale, increase market share, or acquire new technology and resources through mergers and acquisitions. Continuously strengthen cooperation with key suppliers to create shared value and competitive advantages.

#### **(4) Impact of External Competitive Environment, Regulations, and Overall Business**

In order to develop global markets, the company constantly collects information on domestic and international policy trends and regulatory changes to adjust its operational strategies. The Company is committed to complying with relevant international environmental agreements, fulfilling corporate social responsibilities, and not only registering environmental impact assessment forms with authorities at the place of production, but also obtaining ISO 14001 certification. The company actively promotes the participation of all employees in environmental protection activities. In the past fiscal year, there have been no significant adverse effects on the Company's financial operations due to changes in domestic and international policies and laws.

#### **(5) Conclusion**

Building upon the foundation of conductive film products, the Company actively expands the development of diversified automotive electronics products, and its business continues to grow. In 2024, the company will continue to cultivate and establish a presence in the automotive electronics market, focus on key technologies, recruit talents, and expand overall operational growth, aiming to create maximum benefits for shareholders, customers, suppliers, and employees, and share the future business achievements.

Chairman: Jong-Hwa Chin      Manager: Shih-Chang Chen      Accounting Supervisor: Yi-Hui Yeh

## **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 2023. The financial statements (including individual and consolidated financial statements) have been audited by Deloitte & Touche, Certified Public Accountants, including Ms. Yu-Ling Cai and Mr. Wen-Qin Lin, 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 2024

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

March 15, 2024

## **Financial Report of Fiscal Year 2023**

### **Independent Auditors' Report**

To SHUN ON ELECTRONIC CO., LTD.:

#### **Audit Opinion**

The individual balance sheets of Shun On Electronic Co., Ltd. and its subsidiaries (Shun On Group) as of December 31 for the years 2023 and 2022, 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 the years 2023 and 2022, have been audited by our auditors.

Based on the opinion of our auditors, 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, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flows for the period from January 1 to December 31 of the 2023 and 2022.

#### **Basis of Audit Opinion**

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards entrusted to us. Our auditors' responsibilities under those standards are further described in the auditor's responsibility section of the auditor's report on the consolidated financial statements. The personnel of our auditors' firm, subject to the requirements of independence, have maintained their independence from the Shun On Group in accordance with the Code of Ethics for Professional Accountants and have fulfilled their other responsibilities under that code. Our auditors believe that they have

obtained sufficient and appropriate audit evidence to provide a basis for the audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the consolidated financial statements of the Shun On Group for the fiscal year 2023. These matters were addressed in the overall audit of the consolidated financial statements and the formation of the audit opinion and do not provide a separate opinion on them.

Here are the key audit matters related to the consolidated financial statements of Shun On Group for the year 2023:

#### The authenticity of revenue recognition - The authenticity of revenue from certain customers

The Shun On Group primarily sells intelligent products such as conductive films and automotive products. The revenue generated from certain customers in the current year has a significant impact on the consolidated financial statements. Furthermore, these clients hold significant stakes as shareholders and serve as directors within Shun On Electronic Co., Ltd. Considering the inherent risk of potential fraud in revenue recognition and the possibility of management pressure to achieve financial targets, we have identified the authenticity of revenue from these transactions as a key audit matter.

The principal audit procedures performed by our auditors regarding the aforementioned matter are as follows:

1. Understand and test the key internal control system related to revenue and evaluate the effectiveness of its design and implementation.
2. Obtaining detailed records of revenue, selecting samples for detailed testing, examining documents such as orders, delivery notes, and invoices to confirm the authenticity of revenue recognition.
3. Obtaining detailed records of revenue, selecting samples to test significant differences in the allocation of cash receipts, and confirming the authenticity of revenue recognition.

## **Other Matters**

Shun On Electronic Co., Limited has already prepared separate financial statements for the years 2023 and 2022 and has obtained an unqualified audit opinion from our auditors, 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**

The objective of our audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement resulting from fraud or error and to issue an audit report. Reasonable assurance is a high level of assurance, but our audit procedures cannot guarantee that all material misstatements will be detected. Misstatements may arise from fraud or errors. If individual amounts or the total amounts of misstatements are reasonably expected to influence the economic decisions of users of the consolidated financial statements, they are considered to be material.

When conducting the audit in accordance with auditing standards, the auditor applies professional judgment and professional skepticism. We also performed the following tasks:

1. 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.
2. 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.
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, reach a conclusion on the appropriateness of management's use of the going concern basis of accounting and whether events or conditions exist that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that there is a significant uncertainty, it is necessary to either draw attention to the related disclosures in the audit report or, if the disclosures are inappropriate, to modify the audit opinion. The conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or conditions may cause the Shun On Group to no longer be able to continue as a going concern.
5. 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.
6. 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 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 Electronic Co., Limited for the year 2023. 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.

Deloitte Taiwan

Accountant Yu-Ling Cai

Accountant Wen-Qin Lin

Approval Number from Financial  
Supervisory Commission

Financial Supervisory Commission  
Approval Number: JG-Yin-Zhuan-Zi  
1100356048

Securities and Futures Bureau Approval  
Number

TCSC-Liu-Zi 0920123784

March 19, 2024



Shun On Electronic Co., Limited and Subsidiary  
Consolidated Balance Sheets  
December 31, 2023 and 2022

Unit: NTD thousands

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 745,013	29	\$ 634,440	21
1110	Financial assets measured at fair value through other comprehensive income (Note 7)	-	-	61,471	2
1136	Financial assets measured at amortized cost (Note 9 and 28)	231,203	9	217,028	7
1150	Notes receivable (Note 11 and 20)	8,934	-	-	-
1170	Accounts receivable (Note 11 and 20)	74,064	3	309,795	11
1180	Accounts receivable - related parties (Note 11, 20, and 27)	479,965	18	338,040	11
1200	Other receivables (Note 27)	25,503	1	40,118	1
1220	Income tax assets	1,324	-	383	-
130X	Inventory (Note 12)	203,523	8	259,512	9
1479	Other current assets	<u>32,059</u>	<u>1</u>	<u>45,531</u>	<u>2</u>
11XX	Total Current Assets	<u>1,801,588</u>	<u>69</u>	<u>1,906,318</u>	<u>64</u>
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income (Note 8 and 10)	171,044	6	249,620	8
1600	Property, plant, and equipment (Note 14 and 28)	440,958	17	580,595	20
1755	Right-of-Use Assets (Note 15 and 27)	78,475	3	107,965	4
1821	Intangible Assets	16,704	1	22,537	1
1840	Deferred tax assets (Note 22)	86,228	3	67,854	2
1995	Other non-current assets	<u>16,363</u>	<u>1</u>	<u>27,542</u>	<u>1</u>
15XX	Total Non-Current Assets	<u>809,772</u>	<u>31</u>	<u>1,056,113</u>	<u>36</u>
1XXX	Total Assets	<u>\$ 2,611,360</u>	<u>100</u>	<u>\$ 2,962,431</u>	<u>100</u>
	Liability and equity				
	Current Liabilities				
2100	Short-term borrowings (Note 16 and 28)	\$ 198,000	8	\$ 50,000	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	1,620	-
2180	Accounts payable	212,363	8	306,075	10
2200	Other accounts payable (Note 18 and 27)	165,433	7	199,453	7
2230	Current income tax liabilities	4,335	-	7,374	-
2280	Lease liabilities (Note 15 and 27)	22,709	1	26,340	1
2320	Convertible bonds payable due within one year (Note 17)	163,670	6	293,815	10
2399	Other current liabilities	<u>3,287</u>	<u>-</u>	<u>1,688</u>	<u>-</u>
21XX	Total current liabilities	<u>769,797</u>	<u>30</u>	<u>886,365</u>	<u>30</u>
	Non-current liabilities				
2550	Liability reserves	791	-	778	-
2570	Deferred income tax liabilities (Note 22)	442	-	922	-
2580	Lease liabilities (Note 15 and 27)	47,631	2	69,895	2
2630	Deferred revenue (Note 24)	11,298	-	17,446	1
2645	Deposits as Guarantees	<u>368</u>	<u>-</u>	<u>375</u>	<u>-</u>
25XX	Total non-current liabilities	<u>60,530</u>	<u>2</u>	<u>89,416</u>	<u>3</u>
2XXX	Total liabilities	<u>830,327</u>	<u>32</u>	<u>975,781</u>	<u>33</u>
	Equity (Note 19)				
3110	Capital of ordinary share	1,479,063	56	1,479,063	50
3200	Capital surplus	502,487	19	502,487	17
3300	Accumulated losses	( 287,637 )	( 11 )	( 112,575 )	( 4 )
3400	Other equity	( 87,059 )	( 3 )	( 83,981 )	( 3 )
3500	Treasury shares	( <u>55,567</u> )	( <u>2</u> )	( <u>55,567</u> )	( <u>2</u> )
31XX	Total equity attributable to the owners of the company	<u>1,551,287</u>	<u>59</u>	<u>1,729,427</u>	<u>58</u>
36XX	Non-control equity (Note 13)	<u>229,746</u>	<u>9</u>	<u>257,223</u>	<u>9</u>
3XXX	Total equity	<u>1,781,033</u>	<u>68</u>	<u>1,986,650</u>	<u>67</u>
	Total liabilities and equity	<u>\$ 2,611,360</u>	<u>100</u>	<u>\$ 2,962,431</u>	<u>100</u>

The attached notes are an integral part of these consolidated financial statements.

Chairman: Jong-Hwa Chin                      Manager: Shih-Chang Chen                      Accounting Supervisor: Yi-Hui Yeh

Shun On Electronic Co., Limited and Subsidiary  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand, with a loss per share of NTD

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 20 and 27)	\$ 1,288,950	100	\$ 1,730,735	100
5000	Operating cost (Note 12)	<u>1,199,994</u>	<u>93</u>	<u>1,608,088</u>	<u>93</u>
5900	Operating gross profit	<u>88,956</u>	<u>7</u>	<u>122,647</u>	<u>7</u>
	Operating expenses (Note 21)				
6200	Selling and administrative expenses	163,406	13	180,761	11
6300	Research and development expenses	112,025	9	125,519	7
6450	Expected credit impairment loss (Note 11)	<u>8,509</u>	<u>-</u>	<u>857</u>	<u>-</u>
6000	Total operating expenses	<u>283,940</u>	<u>22</u>	<u>307,137</u>	<u>18</u>
6900	Net loss from operations	( <u>194,984</u> )	( <u>15</u> )	( <u>184,490</u> )	( <u>11</u> )
	Non-operating income and expenses (Note 21)				
7100	Interest revenue	37,985	3	28,165	2
7010	Others revenue	34,594	3	28,689	2
7030	Other losses and profit	( 13,402 )	( 1 )	75,069	4
7225	Excluding subsidiary profits	-	-	432	-
7050	Finance costs	( 6,422 )	( 1 )	( 5,839 )	-
7055	Expected credit impairment loss (Note 10)	( 33,765 )	( 3 )	( 25,858 )	( 2 )
7060	Impairment loss (Note 14)	( <u>40,246</u> )	( <u>3</u> )	<u>-</u>	<u>-</u>
7000	Total non-operating income and expenses	( <u>21,256</u> )	( <u>2</u> )	<u>100,658</u>	<u>6</u>
7900	Pre-tax net loss	( 216,240 )	( 17 )	( 83,832 )	( 5 )

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Code		Year 2023		Year 2022	
		Amount	%	Amount	%
7950	Income tax benefits (expenses) (Note 22)	<u>17,585</u>	<u>2</u>	( <u>8,418</u> )	<u>-</u>
8200	Net loss for the current year	( <u>198,655</u> )	( <u>15</u> )	( <u>92,250</u> )	( <u>5</u> )
8360	Other comprehensive income				
	Items may be subsequently reclassified to profit/loss				
8361	Exchange difference for conversion of financial statements of foreign operating institutions	( \$ 19,732 )	( 2 )	\$ 46,812	3
8367	Unrealized gains and losses on debt instruments measured at fair value through other comprehensive income	13,413	1	( 40,690 )	( 3 )
8399	Income tax related to components of other comprehensive income	( <u>643</u> )	<u>-</u>	<u>2,498</u>	<u>-</u>
8300	Other consolidated gains and losses for the year	( <u>6,962</u> )	( <u>1</u> )	<u>8,620</u>	<u>-</u>
8500	Total comprehensive income of the current year	( <u>\$ 205,617</u> )	( <u>16</u> )	( <u>\$ 83,630</u> )	( <u>5</u> )
	Net loss attributable to:				
8610	Owner of the company	( \$ 175,062 )	( 13 )	( \$ 90,653 )	( 5 )
8620	Non-control equity	( <u>23,593</u> )	( <u>2</u> )	( <u>1,597</u> )	<u>-</u>
8600		( <u>\$ 198,655</u> )	( <u>15</u> )	( <u>\$ 92,250</u> )	( <u>5</u> )
	Total comprehensive income attributable to:				
8710	Owner of the company	( \$ 178,140 )	( 14 )	( \$ 84,992 )	( 5 )
8720	Non-control equity	( <u>27,477</u> )	( <u>2</u> )	<u>1,362</u>	<u>-</u>
8700		( <u>\$ 205,617</u> )	( <u>16</u> )	( <u>\$ 83,630</u> )	( <u>5</u> )
	Loss per share (Note 23)				
9750	Basic	( <u>\$ 1.19</u> )		( <u>\$ 0.62</u> )	
9850	Diluted	( <u>\$ 1.19</u> )		( <u>\$ 0.62</u> )	

The attached notes are an integral part of these consolidated financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

Shun On Electronic Co., Limited and Subsidiary  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

		Equity of owner of the company												
		Capital of ordinary share	Capital surplus	Legal reserve	Special reserve	Accumulated losses		Items of other equity		Subtotal	Treasury shares	Total	Non-control equity	Total equity
Code						Accumulated deficits to be covered	Subtotal	Exchange difference for conversion of financial statements of foreign operating institutions	Financial assets measured at fair value through other comprehensive income with unrealized profits or losses					
A1	January 1, 2022 balance	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	( \$ 97,557 )	( \$ 21,922 )	( \$ 84,728 )	( \$ 4,482 )	( \$ 89,210 )	( \$ 55,567 )	\$ 1,814,851	\$ 216,661	\$ 2,031,512
D1	Net loss for the year 2022	-	-	-	-	( 90,653 )	( 90,653 )	-	-	-	-	( 90,653 )	( 1,597 )	( 92,250 )
D3	Other comprehensive income after tax in 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,853</u>	<u>( 38,192 )</u>	<u>5,661</u>	<u>-</u>	<u>5,661</u>	<u>2,959</u>	<u>8,620</u>
D5	Total comprehensive profit and loss in 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 90,653 )</u>	<u>( 90,653 )</u>	<u>43,853</u>	<u>( 38,192 )</u>	<u>5,661</u>	<u>-</u>	<u>( 84,992 )</u>	<u>1,362</u>	<u>( 83,630 )</u>
M3	Liquidation of subsidiary company					-	-	( 432 )	-	( 432 )	-	( 432 )	-	( 432 )
O1	Increase in non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,200</u>	<u>39,200</u>
Z1	December 31, 2022 balance	1,479,063	502,487	15,512	60,123	( 188,210 )	( 112,575 )	( 41,307 )	( 42,674 )	( 83,981 )	( 55,567 )	1,729,427	257,223	1,986,650
D1	Net loss for the year 2023	-	-	-	-	( 175,062 )	( 175,062 )	-	-	-	-	( 175,062 )	( 23,593 )	( 198,655 )
D3	Other comprehensive income after tax in 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 15,848 )</u>	<u>12,770</u>	<u>( 3,078 )</u>	<u>-</u>	<u>( 3,078 )</u>	<u>( 3,884 )</u>	<u>( 6,962 )</u>
D5	Total comprehensive profit and loss in 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 175,062 )</u>	<u>( 175,062 )</u>	<u>( 15,848 )</u>	<u>12,770</u>	<u>( 3,078 )</u>	<u>-</u>	<u>( 178,140 )</u>	<u>( 27,477 )</u>	<u>( 205,617 )</u>
Z1	December 31, 2023 balance	<u>\$ 1,479,063</u>	<u>\$ 502,487</u>	<u>\$ 15,512</u>	<u>\$ 60,123</u>	<u>( \$ 363,272 )</u>	<u>( \$ 287,637 )</u>	<u>( \$ 57,155 )</u>	<u>( \$ 29,904 )</u>	<u>( \$ 87,059 )</u>	<u>( \$ 55,567 )</u>	<u>\$ 1,551,287</u>	<u>\$ 229,746</u>	<u>\$ 1,781,033</u>

The attached notes are an integral part of these consolidated financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

Shun On Electronic Co., Limited and Subsidiary

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousands

Code		Year 2023	Year 2022
	Net cash flow from operating activities		
A10000	Pre-tax net loss for the current year	(\$ 216,240)	(\$ 83,832)
A20010	Items of income and expenses		
A20100	Depreciation expenses	101,514	87,515
A20200	Amortization expense	11,037	7,532
A20300	Expected credit impairment loss	42,274	26,715
A20400	Net loss (gain) from financial assets measured at fair value through profit or loss	( 433)	2,769
A20900	Finance costs	6,422	5,839
A21200	Interest revenue	( 37,985)	( 28,165)
A22500	Loss (gain) on disposal of property, plants, and equipment	13,743	( 348)
A22900	Gain on disposal of prepaid equipment payment	( 167)	( 194)
A23100	Disposal loss from investments	4,858	-
A23200	Excluding subsidiary profits	-	( 432)
A23700	Impairment loss	40,246	-
A23800	Inventory impairment loss	19,698	8,959
A24100	Net loss of foreign exchange differences	970	17,858
A24600	Benefit from lease modification	( 13)	( 102)
A29900	Amortization of prepaid lease payments	907	820
A29900	Deferred revenue	( 6,148)	( 14,152)
A30000	Net Changes in Operating Assets and Liabilities		
A31130	Notes receivable	( 8,934)	-
A31150	Accounts receivable	227,411	( 298,963)
A31160	Accounts receivable - related parties	( 141,925)	225,188
A31180	Other receivables	14,079	( 3,181)
A31200	Inventories	37,072	( 63,435)
A31240	Other current assets	21,082	4,421
A32150	Accounts payable	( 86,943)	40,408
A32180	Other payables	( 33,931)	13,966

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Code		Year 2023	Year 2022
A32230	Other current liabilities	<u>1,599</u>	( <u>818</u> )
A33000	Operating Cash Inflows (Outflows)	10,193	( 51,632 )
A33300	Interest paid	( 2,175 )	( 2,317 )
A33500	Income tax payable	( <u>5,892</u> )	( <u>18,616</u> )
AAAA	Net cash inflows (outflows) from operating activities	<u>2,126</u>	( <u>72,565</u> )
Cash flow from investing activities			
B00020	Proceeds from the disposal of financial assets measured at fair value through other comprehensive income	\$ 54,521	\$ -
B00040	Obtain Financial Assets Measured at Amortized Cost	( 366,102 )	( 561,106 )
B00050	Proceeds from the disposal of financial assets measured at amortized cost	349,645	411,809
B00100	Financial assets measured at FVPL upon acquisition	-	( 340,666 )
B00200	Proceeds from the disposal of financial assets measured at fair value through profit or loss	61,936	728,182
B02700	Purchase of property, plant, and equipment	( 6,098 )	( 25,775 )
B02800	Proceeds from disposition of property, plants, and equipment	19,237	2,716
B03700	Decrease (Increase) in guarantee deposits paid	32	( 461 )
B04500	Purchase of intangible assets	-	( 13,232 )
B07100	Increase in prepaid equipment	( 15,451 )	( 134,055 )
B07500	Interests received	<u>38,397</u>	<u>28,030</u>
BBBB	Net cash inflows from investment activities	<u>136,117</u>	<u>95,442</u>
Net cash flow from financing activities			
C00100	Increase in short-term borrowings	258,000	50,000
C00200	Decrease in short-term borrowings	( 110,000 )	( 50,000 )
C01300	Redeemable convertible corporate bonds	( 134,700 )	-
C01700	Repayment of long-term loans	-	( 51,667 )
C03000	Increase (Decrease) in deposits as collateral	( 7 )	20
C04020	Payment of lease liabilities principal	( 24,395 )	( 26,328 )

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<u>Code</u>		<u>Year 2023</u>	<u>Year 2022</u>
C05800	Increase in non-controlling interests	<u>-</u>	<u>39,200</u>
CCCC	Net cash outflow from financing activities	( <u>11,102</u> )	( <u>38,775</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>16,568</u> )	<u>6,051</u>
EEEE	Increase (decrease) in cash and cash equivalents for the current year	110,573	( 9,847 )
E00100	Beginning cash and cash equivalents balance	<u>634,440</u>	<u>644,287</u>
E00200	Year-end balance of cash and cash equivalents	<u>\$ 745,013</u>	<u>\$ 634,440</u>

The attached notes are an integral part of these consolidated financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

## **Independent Auditors' Report**

To SHUN ON ELECTRONIC CO., LTD.:

### **Audit Opinion**

The individual balance sheets of Shun On Electronic Co., Ltd. as of December 31 for the years 2023 and 2022, 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 the years 2023 and 2022, 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, 2023 and 2022, as well as the individual financial performance and individual cash flows for the period from January 1 to December 31, 2023 and 2022.

### **Basis of Audit Opinion**

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards entrusted to us. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing parent company only financial statements. The personnel affiliated with the accounting firm, in accordance with the regulations on independence, have maintained absolute independence from Shun On Electronic Co., Limited, and fulfilled other responsibilities under the code of professional ethics for accountants. Our auditors believe that they have obtained sufficient and appropriate audit evidence to provide a basis for the audit opinion.

### **Key Audit Matters**

Key audit matters refer to the most significant matters in the audit of the financial statements of Shun On Electronic Co., Limited for the year of 2023, as determined by our



professional judgment as auditors. These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

Below is a description of the key audit matters relating to the financial statements of Shun On Electronic Co., Limited for the fiscal year 2023:

The authenticity of partial customer revenue - Investments accounted for using the equity method

The Shun On Electronic Co., Ltd. primarily sells intelligent products such as conductive films and automotive products. The revenue generated from certain customers in the current year has a significant impact on the individual financial statements. Furthermore, these clients hold significant stakes as shareholders and serve as directors within Shun On Electronic Co., Ltd. Considering the inherent risk of potential fraud in revenue recognition and the possibility of management pressure to achieve financial targets, we have identified the authenticity of revenue from these transactions as a key audit matter.

The principal audit procedures performed by our auditors regarding the aforementioned matter are as follows:

1. Understand and test the key internal control system related to revenue, and evaluating the effectiveness of its design and implementation.
2. Obtaining detailed records of revenue, selecting samples for detailed testing, examining documents such as orders, delivery notes, and invoices to confirm the authenticity of revenue recognition.
3. Obtaining detailed records of revenue, selecting samples to test significant differences in the allocation of cash receipts, and confirming the authenticity of revenue recognition.

**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**

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an accountant's report accordingly. It is reasonable assurance, which is a high level of assurance, but the audit work performed in accordance with the auditing standards cannot guarantee the detection of material misstatements in the individual financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonably predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

When conducting the audit in accordance with auditing standards, the auditor applies professional judgment and professional skepticism. We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the parent company only Individual financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our 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, a conclusion is drawn regarding the appropriateness of management's use of the going concern basis of accounting and whether there are significant uncertainties that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. The conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or circumstances may arise that could lead to Shun On Electronic Co., Limited no longer having the ability 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. Sufficient and appropriate audit evidence has been obtained regarding the financial information of Shun On Electronic Co., Limited as a whole, enabling us to express an opinion on the individual financial statements. As auditors, we are responsible for providing guidance, supervision, and execution of the audit engagement. It is our responsibility to form an audit opinion on the financial statements of Shun On Electronic Co., Limited.

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 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.

The key audit matters for the audit of the individual financial statements of Shun On Electronic Co., Ltd. for the year 2023 were determined based on communications with the governance body. 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.

Deloitte Taiwan

Accountant Yu-Ling Cai

Accountant Wen-Qin Lin

Approval Number from Financial  
Supervisory Commission

Financial Supervisory Commission  
Approval Number: JG-Yin-Zhuan-Zi  
1100356048

Securities and Futures Bureau Approval  
Number

TCSC-Liu-Zi 0920123784

March 19, 2024

Shun On Electronic Co., Limited  
Individual Balance Sheets  
December 31, 2023 and 2022

Unit: NTD thousands

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 266,105	13	\$ 199,136	9
1140	Financial assets measured at amortized cost (Note 9)	-	-	135,982	6
1180	Accounts receivable - related parties (Note 11, 19, and 25)	143,274	7	52,565	3
1200	Other receivables (Note 25)	1,779	-	4,304	-
1220	Income tax assets	1,324	-	383	-
1479	Other current assets	<u>3,604</u>	<u>-</u>	<u>16,981</u>	<u>1</u>
11XX	Total Current Assets	<u>416,086</u>	<u>20</u>	<u>409,351</u>	<u>19</u>
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income (Note 8 and 10)	35,667	2	32,457	1
1550	Investments accounted for using the equity method (Note 12)	1,299,388	63	1,415,313	66
1600	Property, plant, and equipment (Note 13 and 26)	203,063	10	205,008	10
1755	Right-of-Use Assets (Note 14 and 25)	1,084	-	7,704	-
1780	Intangible Assets	7,920	1	14,381	1
1840	Deferred tax assets (Note 5 and 21)	86,228	4	67,854	3
1900	Other non-current assets	<u>918</u>	<u>-</u>	<u>1,876</u>	<u>-</u>
15XX	Total Non-Current Assets	<u>1,634,268</u>	<u>80</u>	<u>1,744,593</u>	<u>81</u>
1XXX	Total Assets	<u>\$ 2,050,354</u>	<u>100</u>	<u>\$ 2,153,944</u>	<u>100</u>
	Liability and equity				
	Current Liabilities				
2100	Short-term borrowings (Note 15 and 26)	\$ 198,000	9	\$ 50,000	2
2120	Financial liabilities at fair value through profit or loss (Note 7 and 16)	-	-	1,620	-
2170	Accounts payable	4	-	575	-
2180	Accounts payable - related parties (Note 25)	118,625	6	38,274	2
2200	Other accounts payable (Note 17 and 25)	14,000	1	29,897	2
2280	Lease liabilities (Note 14 and 25)	1,199	-	4,694	-
2320	Convertible bonds payable due within one year (Note 16)	163,670	8	293,815	14
2399	Other current liabilities	<u>2,910</u>	<u>-</u>	<u>1,002</u>	<u>-</u>
21XX	Total current liabilities	<u>498,408</u>	<u>24</u>	<u>419,877</u>	<u>20</u>
	Non-current liabilities				
2570	Deferred income tax liabilities (Note 21)	442	-	922	-
2580	Lease liabilities (Note 14 and 25)	<u>217</u>	<u>-</u>	<u>3,718</u>	<u>-</u>
25XX	Total non-current liabilities	<u>659</u>	<u>-</u>	<u>4,640</u>	<u>-</u>
2XXX	Total liabilities	<u>499,067</u>	<u>24</u>	<u>424,517</u>	<u>20</u>
	Equity (Note 18)				
3100	Capital of ordinary share	1,479,063	72	1,479,063	69
3200	Capital surplus	502,487	25	502,487	23
3300	Accumulated losses	( 287,637)	( 14)	( 112,575)	( 5)
3400	Other equity	( 87,059)	( 4)	( 83,981)	( 4)
3500	Treasury shares	( <u>55,567</u> )	( <u>3</u> )	( <u>55,567</u> )	( <u>3</u> )
3XXX	Total equity	<u>1,551,287</u>	<u>76</u>	<u>1,729,427</u>	<u>80</u>
	Total liabilities and equity	<u>\$ 2,050,354</u>	<u>100</u>	<u>\$ 2,153,944</u>	<u>100</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

Shun On Electronic Co., Limited  
Individual Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand, except a loss per share of NTD

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 19 and 25)	\$ 390,793	100	\$ 385,660	100
5000	Operating cost (Note 25)	<u>349,121</u>	<u>90</u>	<u>362,275</u>	<u>94</u>
5900	Operating gross profit	<u>41,672</u>	<u>10</u>	<u>23,385</u>	<u>6</u>
	Operating expenses ( Note 20 )				
6200	Selling and administrative expenses	55,903	14	67,086	17
6300	Research and development expenses	<u>38,473</u>	<u>10</u>	<u>41,123</u>	<u>11</u>
6000	Total operating expenses	<u>94,376</u>	<u>24</u>	<u>108,209</u>	<u>28</u>
6900	Net loss from operations	( <u>52,704</u> )	( <u>14</u> )	( <u>84,824</u> )	( <u>22</u> )
	Non-operating income and expenses ( Note 20 )				
7100	Interest revenue	11,070	3	5,252	1
7010	Others revenue	3,194	1	1,432	1
7030	Other gains and losses	( 9,541 )	( 3 )	45,927	12
7225	Excluding subsidiary profits	-	-	432	-
7050	Finance costs	( 5,368 )	( 1 )	( 4,576 )	( 1 )
7070	Share of profit or loss from subsidiaries accounted for using the equity method	( <u>141,210</u> )	( <u>36</u> )	( <u>64,162</u> )	( <u>17</u> )
7000	Total non-operating income and expenses	( <u>141,855</u> )	( <u>36</u> )	( <u>15,695</u> )	( <u>4</u> )
7900	Pre-tax net loss	( 194,559 )	( 50 )	( 100,519 )	( 26 )
7950	Tax benefit (Note 21)	<u>19,497</u>	<u>5</u>	<u>9,866</u>	<u>3</u>

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Code		Year 2023		Year 2022	
		Amount	%	Amount	%
8200	Net loss for the current year	( <u>175,062</u> )	( <u>45</u> )	( <u>90,653</u> )	( <u>23</u> )
	Other comprehensive income				
8360	Items may be subsequently reclassified to profit/loss				
8361	Exchange difference for conversion of financial statements of foreign operating institutions	( \$ 15,848 )	( 4 )	\$ 43,853	11
8367	Unrealized gains and losses on debt instruments measured at fair value through other comprehensive income	3,217	1	( 12,491 )	( 3 )
8370	Share of other comprehensive income from subsidiaries accounted for using the equity method	10,196	2	( 28,199 )	( 7 )
8399	Income tax related to components of other comprehensive income	( <u>643</u> )	<u>-</u>	<u>2,498</u>	<u>-</u>
8300	Other consolidated gains and losses for the year	( <u>3,078</u> )	( <u>1</u> )	<u>5,661</u>	<u>1</u>
8500	Total comprehensive income of the current year	( <u>\$ 178,140</u> )	( <u>46</u> )	( <u>\$ 84,992</u> )	( <u>22</u> )
	Loss per share (Note 22)				
9750	Basic	( <u>\$ 1.19</u> )		( <u>\$ 0.62</u> )	
9850	Diluted	( <u>\$ 1.19</u> )		( <u>\$ 0.62</u> )	

The accompanying notes are an integral part of these individual financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

Shun On Electronic Co., Limited  
Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

		Accumulated losses						Other equity				
Code		Capital of ordinary share	Capital surplus	Legal reserve	Special reserve	Accumulated deficits to be covered	Total	Exchange difference for conversion of financial statements of foreign operating institutions	Financial assets measured at fair value through other comprehensive income with unrealized profits or losses	Total	Treasury shares	Total equity
A1	January 1, 2022 balance	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 97,557)	(\$ 21,922)	(\$ 84,728)	(\$ 4,482)	(\$ 89,210)	(\$ 55,567)	\$ 1,814,851
D1	Net loss for the year 2022	-	-	-	-	( 90,653)	( 90,653)	-	-	-	-	( 90,653)
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	-	43,853	( 38,192)	5,661	-	5,661
D5	Total comprehensive profit and loss in 2022	-	-	-	-	( 90,653)	( 90,653)	43,853	( 38,192)	5,661	-	( 84,992)
M3	Liquidation of subsidiary company	-	-	-	-	-	-	( 432)	-	( 432)	-	( 432)
Z1	December 31, 2022 balance	1,479,063	502,487	15,512	60,123	( 188,210)	( 112,575)	( 41,307)	( 42,674)	( 83,981)	( 55,567)	1,729,427
D1	Net loss for the year 2023	-	-	-	-	( 175,062)	( 175,062)	-	-	-	-	( 175,062)
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	-	( 15,848)	12,770	( 3,078)	-	( 3,078)
D5	Total comprehensive profit and loss in 2023	-	-	-	-	( 175,062)	( 175,062)	( 15,848)	12,770	( 3,078)	-	( 178,140)
Z1	December 31, 2023 balance	\$ 1,479,063	\$ 502,487	\$ 15,512	\$ 60,123	(\$ 363,272)	(\$ 287,637)	(\$ 57,155)	(\$ 29,904)	(\$ 87,059)	(\$ 55,567)	\$ 1,551,287

The accompanying notes are an integral part of these individual financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh



Shun On Electronic Co., Limited

Statement of Cash Flows for the Individual Entity

January 1 to December 31, 2023 and 2022

Unit: NTD thousands

Code		Year 2023	Year 2022
	Cash flows from operating activities		
A10000	Pre-tax net loss for the current year	(\$ 194,559)	(\$ 100,519)
A20010	Items of income and expenses		
A20100	Depreciation expenses	7,363	7,158
A20200	Amortization expense	6,461	3,979
A20400	Net loss (gain) from financial assets measured at fair value through profit or loss	( 171)	2,130
A20900	Finance costs	5,368	4,576
A21200	Interest revenue	( 11,070)	( 5,252)
A22400	Share of profit or loss from subsidiaries accounted for using the equity method	141,210	64,162
A22500	Loss (gain) on disposal of property, plants, and equipment	124	( 348)
A24100	Net loss (gain) on foreign currency exchange	( 333)	5,033
A29900	Excluding subsidiary profits	-	( 432)
A29900	Benefit from lease modification	( 13)	( 85)
A30000	Changes in operating assets and liabilities		
A31130	Accounts receivable	-	4,183
A31160	Accounts receivable - related parties	( 90,709)	138,203
A31180	Other receivables	2,525	5,189
A31240	Other current assets	13,377	8,620
A32150	Accounts payable	( 571)	( 2,331)
A32160	Accounts payable - related parties	80,351	( 126,569)
A32180	Other payables	( 15,893)	3,868
A32230	Other current liabilities	<u>1,908</u>	<u>( 782)</u>
A33000	Cash flows from operations	( 54,632)	10,783
A33300	Interest paid	( 2,163)	( 1,192)
A33500	Income tax (paid) refunded	<u>( 941)</u>	<u>861</u>
AAAA	Net cash flows from operating activities	<u>( 57,736)</u>	<u>10,452</u>

(Continue on next page)

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Code		Year 2023	Year 2022
	Cash flow from investing activities		
B00040	Obtain Financial Assets Measured at Amortized Cost	( 77,850)	( 410,430)
B00050	Disposal of Financial Assets Measured at Amortized Cost	214,038	313,718
B00200	Financial assets measured at fair value through profit or loss for disposal	-	369,535
B02300	Net cash inflow from the liquidation of subsidiary company	\$ -	\$ 37,037
B02700	Purchase of property, plant, and equipment	( 2,020)	( 6,432)
B02800	Proceeds from disposition of property, plants, and equipment	1,876	2,465
B03800	Decrease in guarantee deposits paid	4	-
B04500	Purchase of intangible assets	-	( 13,105)
B07100	Increase in prepaid equipment	-	( 969)
B07500	Interests received	<u>11,056</u>	<u>5,658</u>
BBBB	Net cash inflows from investment activities	<u>147,104</u>	<u>297,477</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	258,000	50,000
C00200	Decrease in short-term borrowings	( 110,000)	( 50,000)
C01300	Redeemable convertible corporate bonds	( 134,700)	-
C01700	Repayment of long-term loans	-	( 51,667)
C04020	Principal repayment of leases	( 4,896)	( 5,325)
C05400	Acquisition of subsidiary company equity	( <u>30,937</u> )	( <u>344,433</u> )
CCCC	Net cash outflow from financing activities	( <u>22,533</u> )	( <u>401,425</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>134</u>	( <u>6,380</u> )
EEEE	Increase (decrease) in cash and cash equivalents for the current year	66,969	( 99,876)
E00100	Beginning cash and cash equivalents balance	<u>199,136</u>	<u>299,012</u>
E00200	Year-end balance of cash and cash equivalents	<u>\$ 266,105</u>	<u>\$ 199,136</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Jong-Hwa Chin

Manager: Shih-Chang Chen

Accounting Supervisor: Yi-Hui Yeh

**Shun On Electronic Co., Limited**  
**Loss Appropriation Statement for 2023**

Unit: NTD\$

Item	
Accumulated deficit of prior years to be offset at start of year	(\$188,209,111)
2023 net (loss)	(175,062,585)
Accumulated losses to be offset at end of year	(363,271,696)

Chairman: Jong-Hwa Chin    Manager: Shih-Chang Chen    Accounting Supervisor: Yi-Hui Yeh

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

Amended Article	Existing Article	Description
<p>Article 13: The company shall have five to <a href="#">eleven</a> 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 shall comply with the regulations of the securities regulatory authority.</p>	<p>Article 13: The company shall have five to nine 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 shall comply with the regulations of the securities regulatory authority.</p>	Adjusting the number of board seats.
<p>Article 21: These articles were established on January 6, 1996. (Abridged) The twenty-fifth amendment was made on June 23, 2022. <a href="#">The twenty-sixth amendment was made on June 26, 2024.</a></p>	<p>Article 21: These articles were established on January 6, 1996. (Abridged) The twenty-fifth amendment was made on June 23, 2022.</p>	New Revised Date

## Comparison Table of "Operating Procedures for Fund Lending and Endorsement Guarantee" Before and After Revision

Amended Article	Existing Article	Description
<p>Article 6: Aggregate Amount of Loans and the Maximum Amount Permitted to a Single Borrower</p> <p>(1) Capital Loan Amount The maximum amount in capital loans to other entities shall not exceed the limit of 40 percent of the company' s net worth.</p> <p>(2) Maximum Amount Permitted to Individual Borrowers The maximum amount in capital loans to individual borrowers shall not exceed the limit of 40% of the company' s net worth.</p> <p>(3) For foreign companies loaning capital where the company holds, directly or indirectly, 100% of the voting shares, the individual loan and accumulated balance shall not exceed the limit of 100% of the subsidiary's (loaning party' s) net worth.</p>	<p>Article 6: Aggregate Amount of Loans and the Maximum Amount Permitted to a Single Borrower</p> <p>(1) Capital Loan Amount The maximum amount in capital loans to other entities shall not exceed the limit of 40 percent of the company' s net worth.</p> <p>(2) Maximum Loan Permitted for Individual Borrowers The maximum amount in capital loans to individual borrowers shall not exceed the limit of 40% of the company' s net worth.</p> <p>(3) For foreign companies where the company holds, directly or indirectly, 100% of the voting shares, the individual loan and accumulated balance shall not exceed the limit of 60% of the subsidiary's (loaning party' s) net worth.</p>	Adjusting Subsidiary Aggregate Amount of Loans.
<p>Article 25: Remarks</p> <p>First Revision Date: April 24, 2003 Second Revision Date: June 15, 2006 Third Revision Date: March 3, 2009 Fourth Revision Date: April 20, 2010 Fifth Revision Date: March 25, 2013 Sixth Revision Date: May 3, 2017</p>	<p>Article 25: Remarks</p> <p>First Revision Date: April 24, 2003 Second Revision Date: June 15, 2006 Third Revision Date: March 3, 2009 Fourth Revision Date: April 20, 2010 Fifth Revision Date: March 25, 2013</p>	New Revised Date

<p>Seventh Revision Date: June 10, 2019</p> <p>Eighth Revision Date: June 27, 2023</p> <p><a href="#">Ninth Revision Date: March 15, 2024</a></p>	<p>Sixth Revision Date: May 3, 2017</p> <p>Seventh Revision Date: June 10, 2019</p> <p>Eighth Revision Date: June 27, 2023</p>	
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## 8. 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 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 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.

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 nine 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 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. 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.

Shun On Electronic Co., Limited

Chairman: Jong-Hwa Chin

**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%	

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	
Director	Chicony Electronic Co., Ltd. Representative: Chin-Chung Lu	10,752,254	7.27%	
Independent Director	Wen-Rong Cheng	0	0.00%	
Independent Director	Sun-Kon Dai	0	0.00%	
Independent Director	Kuo-Fei Lee	0	0.00%	

Note: As of April 28, 2024, 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.