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首利實業股份有限公司  
Solytech Enterprise Corporation

# 2023 Annual General Meeting

## Meeting Handbook

Convened Meeting: Physical meeting

Time: 9:00 a.m. on Tuesday June, 20, 2023

Place: B1 No. 9, Wuquan Rd., Wugu Dist., New Taipei City 248020, Taiwan (R.O.C.)

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# **Solytech Enterprise Corporation**

## **Procedures for the 2023 Annual Meeting of Shareholders**

Convened Meeting: Physical meeting

Time: 9:00 a.m. on Tuesday 06 20, 2023 (Shareholders registration time starts from 8:30 am.)

Place: B1 No. 9, Wuquan Rd., Wugu Dist., New Taipei City 248020, Taiwan (R.O.C.)

- I. Call to Order (Report on Number of Outstanding Shares Present)
- II. Chairperson's Remarks
- III. Report items
  1. 2022 Business Report
  2. Audit Committee's Review Report on the 2022 Financial Statements
- IV. Recognition items
  1. To recognize 2022 Business Report and Financial Statements
  2. To recognize the 2022 deficit compensation
- V. Discussion items
  1. To approve the amendments to Articles of Incorporation
  2. To approve the amendments to Operational Procedures for Acquisition or Disposal of Assets
- VI. Extraordinary Motions
- VII. Adjournment

## **【Report Items】**

Report No. 1: 2022 Business Report 1.

Explanation: The attached 2022 Business Report is found on page 5-6 of this handbook( Attachment 1).

2. 2022 Audit Committee's Review Report

Explanation: The attached 2022 Audit Committee's Review Report is found on page 7 of this handbook (Attachment 2).

## **【Recognition items】**

1. To recognize 2022 Business Report and Financial Statements (proposed by the Board)

**Explanation:**

- (1) The Company's individual financial report and consolidated financial report of 2022 have passed by a resolution of the 9<sup>th</sup> meeting of the 13<sup>th</sup> board of directors on March 30, 2023 and have been certified by Hsu, Yung-Chien and Wu, Han-Chi, PwC Taiwan. The business report and the financial statements have also been reviewed by the 8<sup>th</sup> meeting of the 1<sup>st</sup> audit committee.
- (2) Please refer to page 5-6 for the 2022 business report and aforementioned financial reports (Attachment 1), or page 8-28 (Attachment 3).

**Resolution:**

2. To recognize the 2022 deficit compensation (proposed by the Board)

**Explanation:**

- (1) The Company's 2022 Deficit Compensation Statement ~~Appropriation of Profit or Loss~~ has passed by the resolution of the 9<sup>th</sup> meeting of the 13<sup>th</sup> board of directors on March 30, 2023 and have also been reviewed by the 8<sup>th</sup> meeting of the 1<sup>st</sup> audit committee.
- (2) Please refer to page 29 of this handbook, (Attachment 4), for the 2022 Appropriation of Profit or Loss.

**Resolution:**

## **【Discussion items】**

1. To approve the amendments to Articles of Incorporation (proposed by the Board)

Explanation:

- (1) The Company has expanded the scope of business based on the business operations in accordance with the regulations of Central Region Office, Ministry of Economic Affairs, Co.'s name reservation No. 112014784. The Company intends to amend certain provisions of the “Articles of Incorporation”.
- (2) Please refer to pages 30 of this Handbook for the comparison of provisions before and after amendments to the “Articles of Incorporation”. (Attachment 5)

Resolution:

2. To approve the amendments to Operational Procedures for Acquisition or Disposal of Assets (proposed by the Board)

Explanation:

- (1) The Company intends to amend certain provisions of the “Operational Procedures for Acquisition or Disposal of Assets”.
- (2) Please refer to page 31-32 of this handbook for the comparison of provisions before and after amendments to the “Operational Procedures for Acquisition or Disposal of Assets”. (Attachment 6)

Resolution:

## **【Extraordinary Motions】**

## **【Adjournment】**

**【Attachment 1】****Solytech Enterprise Corporation****2022 Business Report****I. 2022 Business Report**

Below is 2022 business report and the plans of subsequent years:

Unit: NT\$ thousand

Item/Year	2021	2022	Increase/Decrease	Variation ratio %
Revenue	355,816	237,989	(117,827)	-33.11
Gross Profit (or Loss)	7,794	(2,555)	(10,349)	-132.78
operating loss	(141,141)	(152,711)	(11,570)	8.20
Pre-tax losses	(18,533)	(157,269)	(138,736)	748.59

The Company's 2022 business scopes mainly focused on the development, production, and sales of computer cases, power supply, optical modem, and nano photocatalyst air purifier, which created a revenue of NT\$ 237,989 thousand, gross loss NT\$ 2,555 thousand, operating loss NT\$ 152,711 thousand, and pre-tax losses NT\$ 157,269 thousand. Due to the prices of raw materials spike and the declining tendency on placing orders, the capacity utilization is far below optimum. To deal with the fast-changing environment of the COVID-19 pandemic, the Company has been striving for new product developments and product promotions. In terms of capital enrichment, the Company has been renovating and leasing out the plants that were not in operation, dedicated to the improvement of overall operating performance and ensuring sufficient working capital.

**II. 2023 Business Plan**

In recent years the Company has been facing challenges with regard to the rapid change of computer-related products, intense market competition, and consumers' behavior changes over digital products. In the following years, the Company will be steady toward success and holding the below guideline for management:

1. Guideline for management

Resource integration on research & development of electronic products and products useful for environmental purification.

2. Goal of business

In addition to holding steady by focusing on the businesses of gaming and electronics products, the Company also extends the business scope to the products such as sedans, RVs, and large power cords used by engines and yacht shore power systems, which makes diversification. Environment purification has been drawing importance with global attention. Viewing from this, the Company has joined Taiwan Air Quality Health & Safety Association, developed exclusively a series of photocatalytic air purifier products, and obtained many invention patents.

3. Policies on production & sales

The Company continues to expand its private label business and conduct an outsourcing approach to the low value-adding services such as stamping and assembling, in the aim of optimizing the production cost.

**III. Strategic Growth Plan for the Future**

1. Market expansion on the basis of current core competences

The Company has established partnerships with mainstream e-sports brands and will focus on the development of high-end models and low-cost production to enhance its competitive advantage.

2. Developments in new technology and new products

Apexgaming® has been leading the e-sport market with the product innovation and investment in research & development.

The outbreak of the Covid-19 pandemic has prevented the public from crowding in public spaces. To seize this market opportunity, the team of research & development has developed a non-light

pollution of UV-A light of Nanoparticulate titanium dioxide (TiO<sub>2</sub>), to efficiently decompose the harmful substances. Co-developing with our partner who is the only company certified by Taiwan Photocatalyst Mark Certification, the Company has carried the nano-photocatalyst (TiO<sub>2</sub>) on the nickel foam, which has a 3D cross pattern and achieves a high-area adhesion effect, aligning with non-light pollution of UV-A light to decompose the harmful substances such as CO<sub>2</sub> and H<sub>2</sub>O. This product, therefore, features antibacterial and deodorizing properties, and achieves an outstanding mold-free air purification environment.

The technology has been developed and has obtained eight utility model patents from The Intellectual Property Office in Taiwan:

- (1) Composite photo-catalyst filter screen and sterilization device thereof
- (2) Host equipment capable of purifying air
- (3) Computer power supply with photocatalyst air cleaning effect
- (4) Heat dissipation apparatus capable of purifying air
- (5) Speaker with air purification function
- (6) Vehicle air conditioner photocatalyst air purification device
- (7) Composite structure of air purifier
- (8) Air conditioner with air purification function

In addition to the eight utility model patents, the Company also obtained three invention patents from The Intellectual Property Office in Taiwan:

- (1) Heat Dissipation Device Configured To Provide Air Purification
- (2) Host Apparatus Configured To Provide Air Purification
- (3) Composite structure of air purifier

### 3. Business on Private Brand

eSports is an emerging and flourishing industry in recent years. To seize this market opportunity, the Company has collaborated with a US company, Apex, to have launched an eSports private brand, Apexgaming<sup>®</sup>. With the global distribution network in retail channels, the Company at this early stage is focusing on the markets in the US, China, and Europe.

The Company has been dedicating to new technology in the development of photocatalyst products and spotting business opportunities that previously went unnoticed. Our R&D team has developed a series of products with various types, including desktop, portable, vehicle, and commercial types. In October 2022, one of our photocatalyst products was honorably certified and awarded the first Gold Certification Mark of Air Purifiers.

### IV. Impacts on the competitive, legal, and general environment

- (1) In the face of fierce competition on production capacity, China–United States trade war, the Covid-19 pandemic, and global inflation, the arrangements of product development, resource allocation, and customer service shall be made in a proper manner. In addition, risk control and asset activation efficiency also play an important role.
- (2) The operations of the Company are handled in accordance with the law and regulations, and adjusted to changes; therefore, regulatory changes have little impact on the operations.
- (3) Careful studies have been conducted to track consumers' needs and the changes in the general environment. Proper coping strategies and policies will be adopted to beat the competition.

Solytech Enterprise Corporation  
President: Cheng,Chieh  
Manager: Cheng,Chieh  
Accounting Manager: Lin,Ta-Chiun



**【Attachment 2】**

Solytech Enterprise Corporation  
2022 Audit Committee's Review Report

The 2022 business report, individual financial report, consolidated financial report, and appropriation of profit or loss of the Company were prepared by its Board of Directors and certified by Hsu, Yung-Chien and Wu, Han-Chi, PwC Taiwan, and issued an accountant audit report. The 2022 individual financial report, consolidated financial report, business report as well as the appropriation of profit or loss were reviewed by the Committee and found true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted during the:  
2023 Annual Meeting of Shareholders of Solytech Enterprise Corporation

Convener of Audit Committee: Chung, Yi-Hao

March 30, 2023

## **【Attachment 3】**

### **INDEPENDENT AUDITORS' REPORT**

(112) No. Cai-Shen-Bao-22004856

The Board of Directors and Shareholders

Solytech Enterprise Corporation

#### **Opinion**

We have audited the accompanying consolidated financial statements of Solytech Enterprise Corporation and Subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the accompanying consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards that have been approved by and published by the Financial Supervision Commission, International Accounting Standards and Standing Interpretations Committee.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### **Assessment of Allowance for inventory valuation losses**

##### Explanatory Notes

Please refer to Note 4(13) for the accounting policy related to inventory valuation, Note 5(2) for the accounting estimation and uncertainties for inventory valuation, and Note 6(5) for the explanation of the allowance for inventory valuation losses, as disclosed in the consolidated financial statements. The balance of Inventories and Allowance for inventory valuation losses of the Group were NT\$92,799 thousand and NT\$24,596 thousand as of December 31, 2022.

The Group manufactures and sales power supplies and computer cases. Due to the short life cycle and intense market competition of electronic products, there is a higher risk of inventory valuation losses and obsolescence. The inventories of the Group are evaluated by Lower of Cost or Market Method; for inventory that has exceeded a certain age and for specifically identified obsolete inventory, the net present value is based on historical market price information for dealing with obsolete inventory.

Due to the rapid technological changes in the industry of the Group and the high subjectivity involved in the assessment of obsolete inventories and the Lower of Cost or Market method used for their valuation, there is a high degree of estimation uncertainty. Considering the significant impact of Allowance for inventory valuation losses on the financial statements, we believe that the assessment of Allowance for inventory valuation losses of the Group is one of the most important audit matters for the year.

#### Audit procedures in response

Our audit procedures regarding the provision for inventory obsolescence and impairment of specific obsolete inventories aged beyond a specific period are summarized as follows:

1. Based on our understanding of the Group's operations and industry, we evaluated the reasonableness of the policy and procedures adopted by the Group for the Allowance for inventory valuation losses.
2. We verified the appropriateness of the inventory aging report system used by the Group for inventory valuation to ensure the consistency with the policy in the report.
3. We discussed with the management and obtained supporting documents on the net realizable value of specific obsolete and damaged inventories, and evaluated the reasonableness of the Allowance for inventory valuation losses.

#### **Assessment of Allowance for uncollectible accounts receivables (including other receivables)** Explanatory Notes

Please refer to Note 4(10) "Financial Assets Impairment" in the consolidated financial statements for the accounting policy on the evaluation of Allowance for uncollectible accounts receivables. For information on the accounting estimation and uncertainties related to the impairment of Accounts receivables, please refer to Note 5(2) in the consolidated financial statements. For details on the Allowance for uncollectible accounts receivables, please refer to Note 6(4) and 7(2) in the consolidated financial statements. As of December 31, 2022, the Accounts receivables of the Group was NT\$81,443 thousand (of which NT\$49,442 thousand was deducted for Allowance for uncollectible accounts receivables).

The Group's Allowance for uncollectible accounts receivables is estimated based on historical experience, forward-looking information, and other known reasons or objective evidence of expected impairment losses. Any estimated uncollectible amount is recognized as an allowance for Accounts receivables in the current period. The Group regularly review the reasonableness of their loss estimation. Due to the subjective judgment of management in assessing the Allowance for uncollectible accounts receivables and the estimation uncertainty associated with various industry indicators and the likelihood of collecting accounts after the reporting period, we consider the evaluation of the Allowance for uncollectible accounts receivables of the Group as one of the most significant matters in the current audit, considering its material impact on the financial statements.

#### Audit procedures in response

The procedures performed by the auditor in response to the aforementioned matters are as follows:

1. Based on the understanding of the Group's operations and customer credit standards and in accordance with accounting principles, evaluate the reasonableness of the policies and procedures adopted for the Allowance for uncollectible accounts receivables, including the grouping and aging analysis of customer credit standards.
2. Evaluate the reasonableness of the estimated Allowance for uncollectible accounts receivables by management.
3. Evaluate the reasonableness of the Group's expected impairment loss estimation based on the adoption of the provision matrix.
4. Perform subsequent receivables tests to substantiate the adequacy of the Allowance for uncollectible accounts.

### **Fair value of financial assets - unlisted (OTC) equity securities in illiquid markets**

#### Explanatory Notes

Regarding the accounting policy for measuring the fair value of financial assets - unlisted (OTC) equity securities in illiquid markets, please refer to Note 4(7) of the consolidated financial statements; for the accounting estimation and uncertainties related to fair value measurement, please refer to Note 5(2) of the consolidated financial statements; and for the explanation of fair value measurement of financial instruments, please refer to Note 12(3) of the consolidated financial statements.

The Group's unlisted (OTC) equity investments in companies with illiquid market are recognized as financial assets measured at fair value through profit or loss. The management uses Market Approach for evaluating the fair value of these investments, with the main assumption of the determination of comparable companies and obtaining their most recent published carrying amount per share as a reference, as well as a deduction for market liquidity. Due to the subjectivity of fair value measurement of financial instruments, which relies on management's judgment and involves multiple assumptions and significant unobservable inputs, any changes in judgment and estimation may significantly impact the accounting estimation and have a high degree of estimation uncertainty. As the fair value measurement of unlisted (OTC) equity investments in companies with no active market has a significant impact on the current consolidated financial statements, we consider it one of the most important audit matters.

#### Audit procedures in response

The procedures undertaken with respect to the fair value measurement of unlisted stocks in inactive markets held by the Group are summarized as follows:

1. Understand and evaluate the Group's policies and procedures for the fair value measurement and disclosure of unlisted stocks in inactive markets, and the related valuation process.
2. Obtain the valuation expert's report used by the Group, and assess the expert's independence, expertise, and objectivity.
3. Evaluate the reasonableness of selecting comparable companies in the valuation report, including assessing the similarities between the business characteristics of the comparing objects and the Group under review, and comparing with other comparable market benchmarks.
4. Review the input values and calculation formulas used in the valuation model, and verify the relevance and reliability of the relevant information and supporting documents.

### **Other Matter—To issue an audit report on the parent company only financial statements**

We have also audited the parent company only financial statements of Solytech Enterprise

Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers Taipei, Taiwan

March 30, 2023

**SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current Assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 274,885	16	\$ 528,907	45
1136	Current Financial assets at amortized cost	6(3)	917,806	53	-	-
1170	Accounts receivables, net	6(4)	59,855	3	65,943	6
1200	Other receivables	7	21,588	1	20,065	2
130X	Inventories	6(5)	68,203	4	129,650	11
1410	Prepayments		26,792	2	29,242	2
1479	Other current assets, others	8	23,873	1	17,333	1
11XX	<b>Current Assets</b>		<u>1,393,002</u>	<u>80</u>	<u>791,140</u>	<u>67</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss – non-current	6(2)	94,877	5	141,294	12
1600	Property, plant and equipment	6(6) and 8	44,169	3	82,104	7
1755	Right-of-use assets	6(7)	17,192	1	9,807	1
1760	Investment property - net	6(9) and 8	165,166	10	146,610	12
1900	Other non-current assets	6(11) (14)	22,170	1	17,415	1
15XX	<b>Non-current assets</b>		<u>343,574</u>	<u>20</u>	<u>397,230</u>	<u>33</u>
1XXX	<b>Total assets</b>		<u>\$ 1,736,576</u>	<u>100</u>	<u>\$ 1,188,370</u>	<u>100</u>

(Continued)

**SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current Liabilities</b>					
2100 Short-term borrowings	6(12)	\$ -	-	\$ 70,000	6
2170 Accounts payable		38,903	2	59,472	5
2200 Other payables	6(13)	34,129	2	25,540	2
2230 Current income tax liabilities		16	-	-	-
2250 Current provisions	6(15)	6,176	-	-	-
2280 Current Lease liabilities		10,923	1	2,217	-
2399 Other current liabilities, others		15,847	1	930	-
21XX <b>Current Liabilities</b>		<u>105,994</u>	<u>6</u>	<u>158,159</u>	<u>13</u>
<b>Non-current liabilities</b>					
2580 Non-current lease liabilities		6,438	1	110	-
2600 Other non-current liabilities		38,633	2	3,797	1
25XX <b>Non-current liabilities</b>		<u>45,071</u>	<u>3</u>	<u>3,907</u>	<u>1</u>
2XXX <b>Total Liabilities</b>		<u>151,065</u>	<u>9</u>	<u>162,066</u>	<u>14</u>
Equity attributable to owners of the parent					
Share capital	6(16)				
3110 Share capital - common stock		1,504,145	87	1,504,145	127
Capital surplus	6(17)				
3200 Capital surplus		585,480	34	3,539	-
Retained earnings	6(18)				
3350 Accumulated deficit		( 706,336)	( 41)	( 552,318)	( 47)
Other equity	6(19)				
3400 Other equity interest		127,548	7	70,989	6
31XX <b>Equity attributable to owners of the parent</b>		<u>1,510,837</u>	<u>87</u>	<u>1,026,355</u>	<u>86</u>
36XX Non-controlling interests	6(19)	74,674	4	( 51)	-
3XXX <b>Total equity</b>		<u>1,585,511</u>	<u>91</u>	<u>1,026,304</u>	<u>86</u>
Significant contingent liabilities and unrecognised contract commitments	9				
3X2X <b>Total liabilities and equity</b>		<u>\$ 1,736,576</u>	<u>100</u>	<u>\$ 1,188,370</u>	<u>100</u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun



SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for the loss per share in New Taiwan dollars)

Items	Notes	Year ended December 31				
		2022		2021		
		Amount	%	Amount	%	
4000	Sales revenue	6(20) and 14	\$ 237,989	100	\$ 355,816	100
5000	Operating costs	6(5)	( 240,544)	( 101)	( 348,022)	( 98)
5900	Gross (loss) profit from operations		( 2,555)	( 1)	7,794	2
	Operating expenses	6(23)				
6100	Selling expenses		( 31,269)	( 13)	( 29,480)	( 8)
6200	General & administrative expenses		( 98,665)	( 42)	( 108,649)	( 31)
6300	Research and development expenses		( 10,279)	( 4)	( 11,064)	( 3)
6450	Expected credit gains (losses)	12(2)	( 9,943)	( 4)	258	-
6000	Total operating expenses		( 150,156)	( 63)	( 148,935)	( 42)
6900	Operating loss		( 152,711)	( 64)	( 141,141)	( 40)
	Non-operating income and expenses					
7100	Interest income		6,816	3	446	-
7010	Other income	6(21)	59,522	25	49,732	14
7020	Other gains and losses	6(22)	( 69,721)	( 29)	73,956	21
7050	Finance costs		( 1,175)	( 1)	( 1,526)	-
7000	Total non-operating income and expenses		( 4,558)	( 2)	122,608	35
7900	<b>Loss before income tax</b>		( 157,269)	( 66)	( 18,533)	( 5)
7950	Income tax expense	6(25)	( 30)	-	( 5)	-
8200	<b>Loss for the year</b>		( \$ 157,299)	( 66)	( \$ 18,538)	( 5)
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plan	6(14)	\$ 3,265	1	\$ 873	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation of foreign financial statements		58,559	25	602	-
8300	<b>Other comprehensive income for the year</b>		\$ 61,824	26	\$ 1,475	-
8500	<b>Total comprehensive income for the year</b>		( \$ 95,475)	( 40)	( \$ 17,063)	( 5)
	Loss attributable to:					
8610	Owners of the parent		( \$ 157,283)	( 66)	( \$ 18,526)	( 5)
8620	Non-controlling interests		( 16)	-	( 12)	-
	Total		( \$ 157,299)	( 66)	( \$ 18,538)	( 5)
	Comprehensive income attributable to:					
8710	Owners of the parent		( \$ 97,459)	( 41)	( \$ 17,052)	( 5)
8720	Non-controlling interests		1,984	1	( 11)	-
	Total		( \$ 95,475)	( 40)	( \$ 17,063)	( 5)
	Losses per share	6(26)				
9750	Basic and diluted losses per share		( \$ 1.05)		( \$ 0.12)	

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

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
Notes	Common stock	Capital surplus		Accumulated deficit	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
		Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in recognition of equity					
<u>2021</u>								
Balance at January 1	\$ 1,504,145	\$ -	\$ 3,539	(\$ 534,665 )	\$ 70,388	\$ 1,043,407	(\$ 40 )	\$ 1,043,367
Net loss for the year	-	-	-	( 18,526 )	-	( 18,526 )	( 12 )	( 18,538 )
Other comprehensive income	-	-	-	873	601	1,474	1	1,475
Total comprehensive (loss) income	-	-	-	( 17,653 )	601	( 17,052 )	( 11 )	( 17,063 )
Balance at December 31	<u>\$ 1,504,145</u>	<u>\$ -</u>	<u>\$ 3,539</u>	<u>(\$ 552,318 )</u>	<u>\$ 70,989</u>	<u>\$ 1,026,355</u>	<u>(\$ 51 )</u>	<u>\$ 1,026,304</u>
<u>2022</u>								
Balance at January 1	\$ 1,504,145	\$ -	\$ 3,539	(\$ 552,318 )	\$ 70,989	\$ 1,026,355	(\$ 51 )	\$ 1,026,304
Net loss for the year	-	-	-	( 157,283 )	-	( 157,283 )	( 16 )	( 157,299 )
Other comprehensive income	-	-	-	3,265	56,559	59,824	2,000	61,824
Total comprehensive (loss) income	-	-	-	( 154,018 )	56,559	( 97,459 )	1,984	( 95,475 )
Difference between consideration and carrying amount of subsidiaries disposed	-	581,941	-	-	-	581,941	-	581,941
Changes in non-controlling interests	-	-	-	-	-	-	72,741	72,741
Balance at December 31	<u>\$ 1,504,145</u>	<u>\$ 581,941</u>	<u>\$ 3,539</u>	<u>(\$ 706,336 )</u>	<u>\$ 127,548</u>	<u>\$ 1,510,837</u>	<u>\$ 74,674</u>	<u>\$ 1,585,511</u>

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

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

**SOLYTECH ENTERPRISE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		(\$ 157,269 )	(\$ 18,533 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(23)	21,106	19,849
Amortization expense	6(23)	1,275	1,307
Expected credit losses (gains)	12(2)	9,943	( 258 )
Impairment loss	6(10)	-	5,975
Net loss on financial assets at fair value through profit or loss	6(22)	46,417	22,257
Gain on disposal of investment		-	( 127,947 )
Gain on disposal of property, plant and equipment	6(22)	( 4,770 )	( 36 )
Loss on disposal of investment property	6(22)	5,679	-
Interest income		( 6,816 )	( 446 )
Dividend income	6(21)	( 120 )	-
Interest expense		1,175	1,526
Changes in operating assets and liabilities:			
Changes in operating assets			
Accounts receivables		5,268	41,727
Other receivables (including related parties)		6,933	55,051
Inventory		63,210	( 30,721 )
Prepayments		2,716	( 16,379 )
Other current assets		( 6,535 )	1,509
Other non-current assets		( 2,379 )	253
Changes in operating liabilities			
Accounts payable (including related parties)		( 15,800 )	( 48,787 )
Other payables		9,120	( 26,824 )
Provisions	6(15)	6,053	( 554 )
Other current liabilities		13,584	( 4,171 )
Cash outflow generated from operations		( 1,210 )	( 125,202 )
Interest received		4,799	446
Interest paid		( 2,013 )	( 1,576 )
Income tax paid		( 251 )	( 47 )
Cash dividends received		120	-
Net cash flows from (used in) operating activities		1,445	( 126,379 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of financial assets at amortized cost		( 917,806 )	-
Acquisitions of property, plant and equipment	6(27)	( 6,442 )	( 2,819 )
Proceeds from disposal of property, plant and equipment		23,283	108
Proceeds from disposal of subsidiaries		654,682	-
Acquisition of investment property	6(9)	( 3,974 )	-
Increase in other non-current assets		-	( 67 )
Net cash used in investing activities		( 250,257 )	( 2,778 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings		120,000	270,000
Repayments of short-term borrowings		( 190,000 )	( 280,000 )
Repayments of long-term borrowings		-	( 30,224 )
Payments of lease liabilities	6(7)	( 6,627 )	( 2,193 )
Increase (decrease) in other non-current liabilities		34,746	( 340 )
Net cash used in financing activities		( 41,881 )	( 42,757 )
Effect of exchange rate		36,671	2,193
Net decrease in cash and cash equivalents		( 254,022 )	( 169,721 )
Cash and cash equivalents at beginning of year		528,907	698,628
Cash and cash equivalents at end of year		\$ 274,885	\$ 528,907

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

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

## INDEPENDENT AUDITORS' REPORT

(112) No. Cai-Shen-Bao-22004543

The Board of Directors and Shareholders  
Solytech Enterprise Corporation

### Opinion

We have audited the accompanying parent company only balance sheets of Solytech Enterprise Corporation (the “Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Key Audit Matters

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

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

#### **Assessment of Allowance for inventory valuation losses**

##### Explanatory Notes

Please refer to Note 4(12) for the accounting policy related to inventory valuation, Note 5(2)

for the accounting estimation and uncertainties for inventory valuation, and Note 6(5) for the explanation of the allowance for inventory valuation losses, as disclosed in the parent company only financial statements.

The main products sold of Solytech Enterprise Corporation and its Subsidiaries are power supplies and computer cases manufactured through subsidiaries. Due to the short life cycle and intense market competition of electronic products, there is a higher risk of inventory valuation losses and obsolescence. The inventories of the Corporation and its Subsidiaries are evaluated by Lower of Cost or Market Method; for inventory that has exceeded a certain age and for specifically identified obsolete inventory, the net present value is based on historical market price information for dealing with obsolete inventory.

Due to the rapid technological changes in the industry of Solytech Enterprise Corporation and its Subsidiaries and the high subjectivity involved in the assessment of obsolete inventories and the Lower of Cost or Market method used for their valuation, there is a high degree of estimation uncertainty. Considering the significant impact of Allowance for inventory valuation losses on the financial statements, we believe that the assessment of Allowance for inventory valuation losses of Solytech Enterprise Corporation and its Subsidiaries is one of the most important audit matters for the year.

#### Audit procedures in response

Our audit procedures regarding the provision for inventory obsolescence and impairment of specific obsolete inventories aged beyond a specific period are summarized as follows:

1. Based on our understanding of Solytech Enterprise Corporation's operations and industry, we evaluated the reasonableness of the policy and procedures adopted by the Corporation for the Allowance for inventory valuation losses.
2. We verified the appropriateness of the inventory aging report system used by the Corporation for inventory valuation to ensure the consistency with the policy in the report.
3. We discussed with the management and obtained supporting documents on the net realizable value of specific obsolete and damaged inventories, and evaluated the reasonableness of the Allowance for inventory valuation losses.

#### **Assessment of Allowance for uncollectible accounts receivables (including other receivables)**

##### Explanatory Notes

Please refer to Note 4(9) "Financial Assets Impairment" in the parent company only financial statements for the accounting policy on the evaluation of Allowance for uncollectible accounts receivables. For information on the accounting estimation and uncertainties related to the impairment of Accounts receivables, please refer to Note 5(2) in the parent company only financial statements. For details on the Allowance for uncollectible accounts receivables, please refer to Note 6(4) in the parent company only financial statements. As of December 31, 2022, the Accounts receivables of Solytech Enterprise Corporation was NT\$37,898 thousand

(of which NT\$103 thousand was deducted for Allowance for uncollectible accounts receivables).

Solytech Enterprise Corporation and its Subsidiaries' Allowance for uncollectible accounts receivables is estimated based on historical experience, forward-looking information, and other known reasons or objective evidence of expected impairment losses. Any estimated uncollectible amount is recognized as an allowance for Accounts receivables in the current period. Solytech Enterprise Corporation and its Subsidiaries regularly review the reasonableness of their loss estimation. Due to the subjective judgment of management in assessing the Allowance for uncollectible accounts receivables and the estimation uncertainty associated with various industry indicators and the likelihood of collecting accounts after the reporting period, we consider the evaluation of the Allowance for uncollectible accounts receivables of Solytech Enterprise Corporation and its Subsidiaries as one of the most significant matters in the current audit, considering its material impact on the financial statements.

#### Audit procedures in response

The procedures performed by the auditor in response to the aforementioned matters are as follows:

1. Based on the understanding of Solytech Enterprise Corporation's operations and customer credit standards and in accordance with accounting principles, evaluate the reasonableness of the policies and procedures adopted for the Allowance for uncollectible accounts receivables, including the grouping and aging analysis of customer credit standards.
2. Evaluate the reasonableness of the estimated Allowance for uncollectible accounts receivables by management.
3. Evaluate the reasonableness of Solytech Enterprise Corporation's expected impairment loss estimation based on the adoption of the provision matrix.
4. Perform subsequent receivables tests to substantiate the adequacy of the Allowance for uncollectible accounts.

#### **Fair value of financial assets - unlisted (OTC) equity securities in illiquid markets**

##### Explanatory Notes

Regarding the accounting policy for measuring the fair value of financial assets - unlisted (OTC) equity securities in illiquid markets, please refer to Note 4(6) of the parent company only financial statements; for the accounting estimation and uncertainties related to fair value measurement, please refer to Note 5(2) of the parent company only financial statements; and for the explanation of fair value measurement of financial instruments, please refer to Note 12(3) of the parent company only financial statements.

Solytech Enterprise Corporation's unlisted (OTC) equity investments in companies with

illiquid market are recognized as financial assets measured at fair value through profit or loss. The management uses Market Approach for evaluating the fair value of these investments, with the main assumption of the determination of comparable companies and obtaining their most recent published book value per share as a reference, as well as a deduction for market liquidity. Due to the subjectivity of fair value measurement of financial instruments, which relies on management's judgment and involves multiple assumptions and significant unobservable inputs, any changes in judgment and estimation may significantly impact the accounting estimation and have a high degree of estimation uncertainty. As the fair value measurement of unlisted (OTC) equity investments in companies with no active market has a significant impact on the current parent company only financial statements, we consider it one of the most important audit matters.

#### Audit procedures in response

The procedures undertaken with respect to the fair value measurement of unlisted stocks in inactive markets held by the Corporation are summarized as follows:

1. Understand and evaluate the Corporation's policies and procedures for the fair value measurement and disclosure of unlisted stocks in inactive markets, and the related valuation process.
2. Obtain the valuation expert's report used by the Corporation, and assess the expert's independence, expertise, and objectivity.
3. Evaluate the reasonableness of selecting comparable companies in the valuation report, including assessing the similarities between the business characteristics of the comparing objects and the Corporation under review, and comparing with other comparable market benchmarks.
4. Review the input values and calculation formulas used in the valuation model, and verify the relevance and reliability of the relevant information and supporting documents.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

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

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

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

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



5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers Taipei, Taiwan

March 30, 2023

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 108,615	7	\$ 286,606	26
1136	Current financial assets at amortized cost	6(3)	242,037	16	-	-
1170	Accounts receivables, net	6(4)	36,234	2	45,299	4
1200	Other receivables	7	1,664	-	127	-
130X	Inventory	6(5)	5,922	-	8,191	1
1410	Prepayments	6(6) and 7	1,511	-	94,433	8
11XX	<b>Current Assets</b>		<u>395,983</u>	<u>25</u>	<u>434,656</u>	<u>39</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	94,877	6	141,294	13
1550	Investments accounted for under equity method	6(7)	1,002,831	64	462,613	42
1600	Property, plant and equipment	6(8) and 8	40,520	3	42,906	4
1755	Right-of-use assets	6(9)	3,522	-	1,789	-
1760	Investment property-net	6(10) and 8	16,257	1	16,615	1
1900	Other non-current assets	6(13)	16,912	1	13,908	1
15XX	<b>Non-current assets</b>		<u>1,174,919</u>	<u>75</u>	<u>679,125</u>	<u>61</u>
1XXX	<b>Total assets</b>		<u>\$ 1,570,902</u>	<u>100</u>	<u>\$ 1,113,781</u>	<u>100</u>

(Continued)

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ -	-	\$ 70,000	7
2170	Accounts payable		312	-	1,975	-
2180	Accounts payables-related parties	7	43,301	3	-	-
2200	Other Payables	6(12) and 7	11,297	1	12,540	1
2280	Current lease liabilities		1,739	-	1,789	-
2300	Other current liabilities		1,332	-	822	-
21XX	<b>Current liabilities</b>		<u>57,981</u>	<u>4</u>	<u>87,126</u>	<u>8</u>
<b>Non-current liabilities</b>						
2580	Non-current lease liabilities		1,784	-	-	-
2600	Other non-current liabilities		300	-	300	-
25XX	<b>Non-current liabilities</b>		<u>2,084</u>	<u>-</u>	<u>300</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>60,065</u>	<u>4</u>	<u>87,426</u>	<u>8</u>
<b>Equity</b>						
	Share capital	6(14)				
3110	Share capital-common stock		1,504,145	96	1,504,145	135
	Capital surplus	6(15)				
3200	Capital surplus		585,480	37	3,539	-
	Retained earnings	6(16)				
3350	Accumulated deficit		( 706,336)	( 45)	( 552,318)	( 49)
	Other equity interest					
3400	Other equity interest		127,548	8	70,989	6
3XXX	<b>Total equity</b>		<u>1,510,837</u>	<u>96</u>	<u>1,026,355</u>	<u>92</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,570,902</u>	<u>100</u>	<u>\$ 1,113,781</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for the loss per share in New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2022		2021	
			Amount	%	Amount	%
4000	Sales revenue	6(17)	\$ 130,164	100	\$ 196,888	100
5000	Operating costs	6(5) and 7	( 126,869)	( 98)	( 188,422)	( 96)
5900	Net operating margin		3,295	2	8,466	4
	Operating expenses	6(22)				
6100	Selling expenses		( 19,543)	( 15)	( 18,261)	( 9)
6200	General & administrative expenses		( 37,224)	( 28)	( 40,129)	( 20)
6300	Research and development expenses		( 4,888)	( 4)	( 4,757)	( 3)
6450	Expected credit loss	12(2)	( 32)	-	( 8)	-
6000	Total operating expenses		( 61,687)	( 47)	( 63,155)	( 32)
6900	Operating loss		( 58,392)	( 45)	( 54,689)	( 28)
	Non-operating income and expenses					
7100	Interest income	6(18)	3,842	3	127	-
7010	Other income	6(19) and 7	2,339	2	2,165	1
7020	Other gains and losses	6(20)	( 6,124)	( 5)	( 35,644)	( 18)
7050	Finance costs		( 666)	-	( 1,282)	( 1)
7070	Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method		( 98,282)	( 76)	70,797	36
7000	Total non-operating income and expenses		( 98,891)	( 76)	36,163	18
7900	<b>Loss before income tax</b>		( 157,283)	( 121)	( 18,526)	( 10)
7950	Income tax (expense) benefit	6(23)	-	-	-	-
8200	<b>Loss for the year</b>		<u>(\$ 157,283)</u>	<u>( 121)</u>	<u>(\$ 18,526)</u>	<u>( 10)</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plan	6(13)	\$ 3,265	3	\$ 873	1
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation of foreign financial statements		56,559	43	601	-
8300	<b>Other comprehensive income for the year</b>		<u>\$ 59,824</u>	<u>46</u>	<u>\$ 1,474</u>	<u>1</u>
8500	<b>Total comprehensive income for the year</b>		<u>(\$ 97,459)</u>	<u>( 75)</u>	<u>(\$ 17,052)</u>	<u>( 9)</u>
	Losses per share	6(24)				
9750	Basic and diluted losses per share		<u>(\$ 1.05)</u>		<u>(\$ 0.12)</u>	

The accompanying notes are an integral part of these parent company only financial statements.

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

SOLYTECH ENTERPRISE CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
		Common stock	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in equity of associates and joint ventures accounted for using equity method			
<u>2021</u>							
Balance at January 1		\$ 1,504,145	\$ -	\$ 3,539	(\$ 534,665 )	\$ 70,388	\$ 1,043,407
Net loss for the year		-	-	-	( 18,526 )	-	( 18,526 )
Other comprehensive income	6(13)	-	-	-	873	601	1,474
Total comprehensive (loss) income		-	-	-	( 17,653 )	601	( 17,052 )
Balance at December 31		<u>\$ 1,504,145</u>	<u>\$ -</u>	<u>\$ 3,539</u>	<u>(\$ 552,318 )</u>	<u>\$ 70,989</u>	<u>\$ 1,026,355</u>
<u>2022</u>							
Balance at January 1		\$ 1,504,145	\$ -	\$ 3,539	(\$ 552,318 )	\$ 70,989	\$ 1,026,355
Net loss for the year		-	-	-	( 157,283 )	-	( 157,283 )
Other comprehensive income	6(13)	-	-	-	3,265	56,559	59,824
Total comprehensive (loss) income		-	-	-	( 154,018 )	56,559	( 97,459 )
Difference between consideration and carrying amount of subsidiaries disposed	6(15)	-	581,941	-	-	-	581,941
Balance at December 31		<u>\$ 1,504,145</u>	<u>\$ 581,941</u>	<u>\$ 3,539</u>	<u>(\$ 706,336 )</u>	<u>\$ 127,548</u>	<u>\$ 1,510,837</u>

The accompanying notes are an integral part of these parent company only financial statements.

**SOLYTECH ENTERPRISE CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(\$ 157,283 )	(\$ 18,526 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(20) (21)	5,970	5,128
Amortization expense	6(21)	31	88
Expected credit losses		32	8
Net loss on financial liabilities at fair value through profit or loss	6(20)	46,417	22,257
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		98,282	( 70,797 )
Gain on disposal of property, plant and equipment	6(20)	( 610 )	-
Interest income	6(18)	( 3,842 )	( 127 )
Dividend income	6(19)	( 120 )	-
Interest expense		666	1,282
Changes in operating assets and liabilities:			
Changes in operating assets			
Accounts receivables		9,033	65,260
Other receivables		73	555
Inventory		2,269	( 7,096 )
Prepayments		92,922	( 87,994 )
Other non-current assets		230	248
Changes in operating liabilities			
Accounts payable (including related parties)		41,638	1,845
Other payables		( 1,188 )	( 3,803 )
Other current liabilities		510	( 1,947 )
Cash inflow (outflow) generated from operations		135,030	( 93,619 )
Interest received		2,468	127
Interest paid		( 720 )	( 1,295 )
Cash dividends received		120	-
Income taxes refund (paid)		( 236 )	10
Net cash flows from (used in) operating activities		136,662	( 94,777 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of financial assets at amortized cost		( 242,037 )	-
Acquisitions of property, plant and equipment	6(8)	( 1,574 )	( 1,888 )
Proceeds from disposal of property, plant and equipment		747	-
Decrease in other non-current assets		-	105
Net cash used in investing activities		( 242,864 )	( 1,783 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings		120,000	270,000
Repayments of short-term borrowings		( 190,000 )	( 280,000 )
Decrease in other non-current liabilities		-	( 340 )
Payments of lease liabilities		( 1,789 )	( 1,788 )
Net cash used in financing activities		( 71,789 )	( 12,128 )
Net decrease in cash and cash equivalents		( 177,991 )	( 108,688 )
Cash and cash equivalents at beginning of year		286,606	395,294
Cash and cash equivalents at end of year		\$ 108,615	\$ 286,606

The accompanying notes are an integral part of these parent company only financial statements.

Chairperson : Cheng, Chieh

Manager : Cheng, Chieh

Accounting Manager : Lin, Ta-Chiun

**【Attachment 4】****Solytech Enterprise Corporation  
2022 Deficit Compensation Statement**

Unit: NT\$

Item	Amount
Unappropriated retained earnings (accumulated deficit) (beginning)	\$ (552,318,439)
Add: 2022 adjustment for change in value of retained profit.	3,265,296
Unappropriated retained earnings (accumulated deficit) (after adjustment)	\$ (549,053,143)
Add:2022 loss	(157,282,670)
Unappropriated retained earnings (accumulated deficit) (at end of period)	\$ (706,335,813)

President: Cheng,Chieh

Manager: Cheng,Chieh

Accounting Manager: Lin,Ta-Chiun

**【Attachment 5】**

**Solytech Enterprise Corporation**

Comparison of Provisions Before and After Amendments to the Articles of Incorporation

Article	Before Amendments	After Amendments	Description
Article 2	The scope of business of the Company: 1.~37. (omitted)	The scope of business of the Company: 1.~37.(omitted) <u>38.F399040 Retail Sale No. Storefront</u>	The Company's practice has included a new business category based on the business operations in accordance with the regulations of Central Region Office, Ministry of Economic Affairs, Co.'s name reservation No. 112014784.
Article 30	The Articles have been established since October 7, 1982. The 1 <sup>st</sup> amendment was made on December 5, 1986. (Omitted.) The 31 <sup>st</sup> amendment was made on June 21, 2022.	The Articles have been established since October 7, 1982. The 1 <sup>st</sup> amendment was made on December 5, 1986. (Omitted.) The 31 <sup>st</sup> amendment was made on June 21, 2022. The 32 <sup>nd</sup> amendment was made on June 20, 2023.	Updated to reflect amendment dates of this revision



**【Attachment 6】**

**Solytech Enterprise Corporation**

Comparison of Provisions Before and After Amendments to the Operational Procedures for Acquisition or Disposal of Assets

Article	Before Amendments	After Amendments	Description
Article 5	<p>The limitation of acquisition of real estate and right-of-use assets thereof or securities by the Company and its Subsidiary:</p> <ol style="list-style-type: none"> <li>1. Investment limits               <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) The total value of the invested marketable securities shall not exceed the combined value of net worth and long-term liabilities of the latest financial statements. The investment limit for individual securities shall not exceed 60% of the Company's net worth of the latest financial statement.</li> </ol> </li> <li>2. Investment limits of subsidiaries               <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) The total value of the invested marketable securities shall not exceed the net worth. The investment limit for individual securities shall not exceed 60% of the Company's net worth of the latest financial statement.</li> </ol> </li> </ol>	<p>The limitation of acquisition of real estate and right-of-use assets thereof or securities by the Company and its Subsidiary:</p> <ol style="list-style-type: none"> <li>1. Investment limits               <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) The total value of the invested marketable securities shall not exceed the net worth 300%. The investment limit for individual securities shall not exceed 300% of the Company's net worth of the latest financial statement.</li> </ol> </li> <li>2. Investment limits of subsidiaries               <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) The total value of the invested marketable securities shall not exceed 300% of the net worth. The investment limit for individual securities shall not exceed 300% of the Company's net worth of the latest financial statement.</li> </ol> </li> </ol>	<p>The amendments are established based on the Company's operations.</p>
Article 12	<p>Procedures for Financial Derivatives Transactions</p> <ol style="list-style-type: none"> <li>A. Instruments (Omitted)</li> <li>B. Management or Hedging Strategy (Omitted)</li> <li>C. Authorization / Delegation               <ol style="list-style-type: none"> <li>(1) The board of directors (Omitted)</li> <li>(2) Senior management personnel 1.~2. (Omitted)</li> <li>3. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances <u>(such as the held position has exceeded the loss limit)</u>, appropriate measures shall be adopted, and a report immediately made to the board of directors.</li> <li>4. (Omitted)</li> <li>5. When irregular circumstances and major events are found in the course of supervising trading and profit-loss circumstances, the financial department shall be temporarily authorized transaction, and a report</li> </ol> </li> </ol>	<p>Procedures for Financial Derivatives Transactions</p> <ol style="list-style-type: none"> <li>A. Instruments (Omitted)</li> <li>B. Management or Hedging Strategy (Omitted)</li> <li>C. Authorization / Delegation               <ol style="list-style-type: none"> <li>(1) The board of directors (Omitted)</li> <li>(2) Senior management personnel 1.~2. (Omitted)</li> <li>3. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted, and a report immediately made to the president and submitted to the latest board of directors afterwards.</li> <li>4. (Omitted)</li> <li>5. When irregular circumstances and major events are found in the course of supervising trading and profit-loss circumstances, the financial department shall be temporarily authorized the</li> </ol> </li> </ol>	<p>The amendments are established based on the Company's operations, and clearly states the authorization and delegation, the total amount of contracts, and the revisions on loss limit.</p>

Article	Before Amendments	After Amendments	Description
	<p><u>shall be immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</u></p> <p>D.Performance Evaluation (Omitted)</p> <p>E. Transaction Contract Dollar Amount The dollar amount of total contracts outstanding at any time point shall not exceed the <u>net worth</u> of the latest financial statements.</p> <p>F. Loss Control (1) Individual contract: Loss limit is 20% of the contract amount. <u>In case of special circumstances</u>, actions made from the senior management personnel require prior <u>approval</u> from the board of directors. (2) All contracts: Loss limit is 20% of the contract amount on an aggregated basis.</p> <p>G.Risk Management (Omitted)</p> <p>H.(Omitted)</p>	<p>transaction.</p> <p>D. Performance Evaluation (Omitted)</p> <p>E. Transaction Contract Dollar Amount The dollar amount of total contracts outstanding at any time point (<u>the cost is calculated based on NT\$</u>) shall not exceed <u>100% net worth</u> of the latest financial statements. <u>The financial derivatives for the transaction purpose shall not exceed 10% net worth of the latest financial statements.</u></p> <p>F. Loss Control (1) Individual contract: \Loss limit is 20% of the contract amount. In case of exceeding the loss limit, the senior management personnel authorized by the board of directors <u>shall affirm the existence of a contract.</u> (2) All contracts: The loss limit is 20% of the contract amount on an aggregated basis. In case of exceeding the loss limit, the president <u>shall affirm the existence of a contract.</u></p> <p>G. Risk Management (Omitted)</p> <p>H. (Omitted)</p>	
Article 19	<p>The Articles have been established since June 30, 2003. The 1<sup>st</sup> amendment was made on June 10, 2005. The 2<sup>nd</sup> amendment was made on June 15, 2007. The 3<sup>rd</sup> amendment was made on June 19, 2012. The 4<sup>th</sup> amendment was made on June 23, 2014. The 5<sup>th</sup> amendment was made on June 27, 2017. The 6<sup>th</sup> amendment was made on June 25, 2019. The 7<sup>th</sup> amendment was made on July 29, 2021. The 8<sup>th</sup> amendment was made on June 21, 2022.</p>	<p>The Articles have been established since June 30, 2003. The 1<sup>st</sup> amendment was made on June 10, 2005. The 2<sup>nd</sup> amendment was made on June 15, 2007. The 3<sup>rd</sup> amendment was made on June 19, 2012. The 4<sup>th</sup> amendment was made on June 23, 2014. The 5<sup>th</sup> amendment was made on June 27, 2017. The 6<sup>th</sup> amendment was made on June 25, 2019. The 7<sup>th</sup> amendment was made on July 29, 2021. The 8<sup>th</sup> amendment was made on June 21, 2022. The 9<sup>th</sup> amendment was made on June 20, 2023.</p>	Updated to reflect amendment dates of this revision.

**Solytech Enterprise Corporation**  
**Articles of Incorporation**  
**Chapter 1 General Provisions**

- Article 1 The Company shall be organized, as the Company limited by shares, under the Company Act of the Republic of China, and its name shall be 首利實業股份有限公司 in Chinese, and Solytech Enterprise Corporation in English.
- Article 2 The scope of business of the Company:
- 1.C301010 Spinning of Yarn
  - 2.C302010 Weaving of Textiles
  - 3.C305010 Printing, Dyeing, and Finishing Mills
  - 4.C801120 Manufacture of Man-made Fibers
  - 5.CC01080 Manufacture of Electronics Components
  - 6.D101050 Combined Heat and Power
  - 7.F104110 Wholesale of Clothess, Garments, Shoes, Hats, Umbrellas , and Clothing Accessories
  - 8.F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas ,and Clothing Accessories
  - 9.F106020 Wholesale of Articles for Daily Use
  - 10.F206020 Retail Sale of daily commodities
  - 11.F109070 Wholesale of Culture, Education, Musical Instruments ,and Educational Entertainment Supplies
  - 12.F209060 Retail Sale of Culture, Education, Musical Instruments ,and Educational Entertainment Supplies
  - 13.F110020 Wholesale of Spectacles
  - 14.F210020 Retail Sale of Spectacles
  - 15.F113010 Wholesale of Machinery
  - 16.F213080 Retail Sale of Other Machinery and Equipment
  - 17.F113020 Wholesale of Household Appliance
  - 18.F213010 Retail Sale of Electrical Appliances
  - 19.F113050 Wholesale of Computers and Clerical Machinery Equipment
  - 20.F213030 Retail Sale of Office Machinery and Equipment
  - 21.F113070 Wholesale of Telecommunication Apparatus.
  - 22.F213060 Retail Sale of Telecommunication Apparatus
  - 23.F119010 Wholesale of Electronic Materials
  - 24.F219010 Retail Sale of Electronic Materials
  - 25.F199990 Other Wholesale Trade
  - 26.F301020 Supermarkets
  - 27.F401010 International Trade
  - 28.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  - 29.G202010 Parking area Operators
  - 30.I301010 Software Design Services
  - 31.I301030 Electronic Information Supply Services
  - 32.IZ99990 Other Industrial and Commercial Services.
  - 33.J701020 Amusement Parks
  - 34.J701040 Recreational Activities Venue
  - 35.J801030 Athletics and Recreational Sports Stadium
  - 36.JE01010 Rental and Leasing
  - 37.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2.1 Deleted
- Article 3 The Company may provide external guarantees of reinvestment to investment partners or the same trade or business if needed for its business. The total investment amount of the Company is not limited to Article 13 of the Company Act.
- Article 4 The Company's headquarter is located in New Taipei City and a local or oversea branch may be established upon approval of the Board of Directors through a resolution and permission from government authorities.

### **Chapter 2 Shares**

- Article 5 The total capital stock of the Company is NT\$ 3,500,000,000 divided into 350,000,000 ordinary shares at NT\$ 10 per share. The Board of Directors is authorized to issue these shares separately. Among these ordinary shares, 14,900,000 ordinary shares are for the issuance of employee stock warrants, and the Board of Directors is authorized to issue these shares separately.
- Article 6 Where the Company issues new shares and issues employee-restricted shares, qualified employees of its subsidiaries may be eligible for the granting of such shares. The qualification is stipulated by the board of directors.
- Article 7 The Company may issue shares without printing share certificate(s) but a centralized securities depository should be contacted for registering these shares. If the Company decides to print share certificates for shares issued, the Company shall comply with relevant provisions of the Company Act and relevant rules and regulations of the Republic of China.
- Article 8 Share transfer registration should be suspended 60 days before a routine shareholders' meeting, 30 days before a special shareholders' meeting, or five (5) days before the base day scheduled by the Company for distributing dividends, bonuses, or other benefits.

### **Chapter 3 Shareholder meeting**

- Article 9 There are two kinds of Shareholders' meetings:
1. Regular meeting of shareholders: shall be held at least once every year
  2. Special meeting of shareholders: may be held at any time
- The shareholders' meeting can be held by means of a visual communication network or other methods promulgated by the central competent authority.
- Article 9-1 The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.
- Article 10 Shareholders who are unable to attend a shareholders' meeting may provide the Company's power of attorney form to authorize a proxy to attend the meeting and to state the scope of authorization vested to the proxy. Designating a proxy to attend a shareholders' meeting by a shareholder should comply with the Company Act as well as the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings promulgated by the government.
- Article 10-1 Shareholders' meetings shall be convened by the Board, and the Chairperson of the Board shall preside over shareholders' meetings. If the Chairperson of the Board is on leave or absent, the Chairperson of the Board shall designate one representative in accordance with the Article 208 of the Company Act to act on behave of the Chairperson of the Board. For shareholders' meetings convened by others with the right to convene, the convener shall preside over the meeting, and if there are more than two conveners, then they should have one from themselves to preside over the meeting.
- Article 11 With every share of Corporation stock, shareholders are entitled to one vote, excluding those who have no voting right as specified in Section 2 of Article 179 of the Company Act.

Article 12 Unless required by law or regulations, a shareholders' resolution shall be adopted if the meeting is attended by shareholders in person or by their proxy representing more than one-half of the total issued and outstanding shares of the Company and more than one-half of the shareholders present (or their proxies) voted in favor of the resolution. If the total number of the shareholders present at the shareholders' meeting is not sufficient to meet the number specified in the preceding paragraph, the resolution shall be complying with the relevant regulations of the Company Act.

Article 13 The Board's resolution should be recorded in the meeting minutes, which should have the signature/seal of the chairperson of the meeting and the person taking the minutes, and be sent out to all shareholders within 20 days. The making and distribution of the aforementioned meeting minutes can be done electronically.

Article 14 Deleted

#### **Chapter 4 The Board of Directors and Directors**

Article 15 The Company shall have five to nine Directors, and the number of Independent Directors shall be no fewer than three and no fewer than one-fifth of the number of Directors. The Board of Directors is authorized to determine the number of Directors of a term of office of three years and they are eligible for re-election.

The total shares held by all directors of the Company shall be complying with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Article 15-1 Directors shall be elected by adopting the candidates' nomination system as specified in Article 192-1 of the Company Act. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination of directors and related announcements shall comply with the relevant regulations of the Company Act and the Securities and Exchange Act.

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 15-2 Since the re-election of the 13<sup>th</sup> directors, the Company has set up an audit committee based on Article 14-4 of the Securities and Exchange Act, following that the audit committee shall be composed of the entire number of independent directors. The Audit Committee or the members of the Audit Committee are in charge of the execution of the duties and rights of the supervisors stipulated in the Company Act, the Securities and Exchange Act, and other laws and regulations.

Article 16 The Board of Directors should be composed of Directors, and Directors shall elect from themselves a Chairperson of the Board, by a majority in a meeting attended by over two-thirds of the Directors. The Chairperson represents the Company. In case the chairperson of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, the chairperson of the board of Directors shall designate one of the directors to act on his behalf, or the directors shall elect from among themselves an acting chairperson of the board of directors.

Article 17 When the number of vacancies in the Board of Directors of the Company equals one-third of the total number of directors, or all independent directors are dismissed, the Board of Directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.

Article 18 If the Chairperson of the Board is on leave or absent or cannot exercise his/her duty, a proxy should be designated according to Article 208 of the Company Act. In case a director appoints another director to attend a meeting of the board of directors on his/her

behalf, he/she shall, at each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

The reasons for calling the Board of Directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be affected by means of written form or electronic transmission.

In case a meeting of the board of directors has proceeded via a visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19 Unless otherwise provided for in the Company Act, resolutions of the board meeting shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 20 The duties of the board of directors of the Company are:

1. Convene shareholder meetings.
2. Execute the resolutions made by the shareholders.
3. Review the operating policy.
4. Review and assessment related to research, design , and planning.
5. Establishment, modification , and abolition of rules and regulations of the Company.
6. Establishment, modification , and abolition of contracts of the Company.
7. Appointment, dismissal, and transfer of departments, and approval of their remuneration, rewards, punishments, retirement , and pensions, etc.
8. Make proposals for capital increase or decrease and proposals for foreign investment and technical cooperation.
9. Review the budget, business report, distribution of surplus profit, and appropriation of profit or loss.
10. Other issues stipulated by law or authorized by the shareholder meeting.

Article 21 Deleted

Article 22 Deleted

Article 23 Deleted

Article 24 The Board of Directors is authorized to determine the salary for the Directors taking into account the standards of the industry within the R.O.C. and overseas, regardless of the Company earning profit or loss.

### **Chapter 5 Managerial Officials**

Article 25 The Company may have one general manager and more than one managerial officers. Appointment, discharge, and the remuneration of managerial officers shall be in compliance with Article 29 of the Company Act.

### **Chapter 6 Accounting**

Article 26 The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted during the regular shareholders 'meeting for acceptance:

1. Business report;
2. Financial statements;
3. Proposal concerning the distribution of earnings or covering of losses.

Article 27 In accordance with Article 56-1 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and Article 10-1 of "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies", the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares in terms of issuing employee stock option at a price lower than the closing price of the Company's common

stock on the issue date and transferring them to employees at a price lower than the average price of actual repurchasing shares.

Article 28 If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses and then to set aside employees' and directors' remuneration. If the Company records a profit in a year, the Company shall set aside 5% to 10% of the profit for employee's remuneration of the Parent or subsidiaries of the Company who meet certain criteria, and no more than 3% of the profit for the Board of Directors remuneration. Employees' and directors' remuneration distribution proposals shall be resolute by the board of directors and submitted to the shareholders' meeting for reporting.

Article 28-1 The CompanyThe Company, shall distribute its surplus profits after having paid all taxes and dues as below in order:

(1) deficit compensation

(2) set aside ten percent of said profits as a legal reserve.

(3)The Company shall set aside the special surplus reserve in accordance with the laws or regulations of the competent authority. If the special surplus reserve is set aside from the previous accumulated net amount of other deductions from equity and the fair value evaluation of investment property, it shall be set aside the same amount of the special surplus reserve from the previous undistributed surplus. If the insufficient surplus occurs, the special surplus reserve shall be set aside in terms of the current net income combined with other unspecified.

The accumulated surplus of previous years can be combined with the surplus of the current year. The board of directors shall prepare a distribution plan of dividends to shareholders, and the issuance of new shares shall be submitted to the shareholders' meeting for resolution.

The Company, in accordance with Article 240 and 241 of the Company Act, capitalize its legal reserve and the following capital reserve, in whole or in part, by cash to its original shareholders. The Company authorizes the board of directors to resolve cash dividends by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is based on the funding needs of the Company, long-term financial planning, and the aim of meeting its cash inflow. Each year, no less than 10% of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 5% of the paid-up capital, then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends should be no less than 10% of the total dividends. If the cash dividend is less than NT\$ 1 per share, then it shall be distributed by stock dividends.

### **Chapter 7 Supplemental Provisions**

Article 29 In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 30 The Articles of Incorporation have been established and implemented since October 7, 1982.

The 1<sup>st</sup> amendment was made on December 5, 1986.

The 2<sup>nd</sup> amendment was made on January 5, 1987.

The 3<sup>rd</sup> amendment was made on May 26, 1987.

The 4<sup>th</sup> amendment was made on June 28, 1987.

The 5<sup>th</sup> amendment was made on June 3, 1991.

The 6<sup>th</sup> amendment was made on November 8, 1991.

The 7<sup>th</sup> amendment was made on October 21, 1992.

The 8<sup>th</sup> amendment was made on February 11, 1995.

The 9<sup>th</sup> amendment was made on March 23, 1995.  
The 10<sup>th</sup> amendment was made on May 26, 1997.  
The 11<sup>th</sup> amendment was made on March 31, 1998.  
The 12<sup>th</sup> amendment was made on February 26, 1999.  
The 13<sup>th</sup> amendment was made on June 17, 1999.  
The 14<sup>th</sup> amendment was made on April 26, 2000.  
The 15<sup>th</sup> amendment was made on April 26, 2000.  
The 16<sup>th</sup> amendment was made on June 11, 2001.  
The 17<sup>th</sup> amendment was made on June 11, 2002.  
The 18<sup>th</sup> amendment was made on June 30, 2003.  
The 19<sup>th</sup> amendment was made on June 10, 2005.  
The 20<sup>th</sup> amendment was made on May 9, 2006.  
The 21<sup>st</sup> amendment was made on June 15, 2007.  
The 22<sup>nd</sup> amendment was made on June 13, 2008.  
The 23<sup>rd</sup> amendment was made on June 19, 2009.  
The 24<sup>th</sup> amendment was made on June 17, 2010.  
The 25<sup>th</sup> amendment was made on June 19, 2012.  
The 26<sup>th</sup> amendment was made on June 23, 2014.  
The 27<sup>th</sup> amendment was made on June 30, 2016.  
The 28<sup>th</sup> amendment was made on June 27, 2017.  
The 29<sup>th</sup> amendment was made on June 25, 2019.  
The 30<sup>th</sup> amendment was made on July 29, 2021.  
The 31<sup>st</sup> amendment was made on June 21, 2022.



## **【Appendix 2】**

### **Solytech Enterprise Corporation Rules of Procedure for Shareholder meetings**

The Rules of Procedure have been passed in the shareholder meeting on July 29, 2021.

- Article 1 The rules of procedures for this Corporation's shareholder meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2 The term "shareholders" as used in the present rules of procedure includes shareholders themselves or their attending proxies.
- Article 3 Attendance at shareholder meetings shall be calculated based on number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 4 The venue for a shareholder meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholder meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 Unless otherwise provided by law or regulation, this Corporation's shareholder meetings shall be convened by the board of directors. If a shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice-chairperson or the vice-chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair, or, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
- Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholder meeting in a non-voting capacity.
- Article 7 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the proceedings of the shareholder meeting. The recorded materials of the preceding paragraph shall be retained for at least one year.
- Article 8 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution. When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholder meeting pursuant to Article 174 of the Company Act.
- Article 9 The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.  
The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.  
Unless otherwise resolved at the Meeting, the chairperson cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.  
The shareholders cannot designate any other person as chairperson and continue the Meeting in the same or other places after the Meeting is adjourned.
- Article 10 Deleted
- Article 11 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with a summary of the speech, the shareholder's number (or the number of Attendance Cards), and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairperson.  
If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of the actual speech shall prevail.

- Unless otherwise permitted by the chairperson and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise, the chairperson shall stop such interruption.
- Article 12 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- Article 13 Any legal entity designated as a proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.  
When a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 15 The chairperson may announce to end the discussion of any resolution and go into voting if the Chairperson deems it appropriate.
- Article 16 The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairperson. The person(s) checking the ballots shall be a shareholder(s). The result of the voting shall be announced at the Meeting and placed on record.  
The election of directors or supervisors at a shareholder meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and the number of votes they received.
- Article 17 During the Meeting, the chairperson may, at his discretion, set a time for intermission.
- Article 18 Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairperson.  
A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- Article 19 A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.
- Article 20 The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.  
In passing a resolution at a shareholders' meeting, shares for which voting rights cannot be exercised as provided in the previous article shall not be counted in the number of votes of shareholders present at the meeting.
- Article 21 If there is an amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment, or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
- Article 22 Deleted
- Article 23 The chairman may conduct the disciplinary officers or the security guard to assist in keeping order in the Meeting place.
- Article 24 Matters relating to the resolutions of a shareholder meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.  
This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.  
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the meeting procedure and result. The minutes shall be retained for the duration of the existence of this Corporation.  
The preceding resolution method should specify the voting by ballot and the number of voting rights and weight ratios.
- Article 25 Deleted
- Article 26 In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other relevant regulations shall govern.
- Article 27 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in the case of revision.

**Solytech Enterprise Corporation****Procedures Governing the Acquisition and Disposal of Assets**

- Article 1 Purpose  
To ensure the acquisition and disposal of assets are evaluated and approved properly and all relevant information is disclosed publicly in accordance with the relevant Laws and Regulations.
- Article 2 Applicable Laws and Regulations  
These procedures are promulgated pursuant to Article 36-1 of the Taiwan Securities and Exchange Act and Regulations governing the acquisition and disposal of assets.
- Article 3 The Scope of Assets.  
The term "assets" as used in these Regulations includes the following:
- (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  - (2) Real property (including land, houses and buildings, and investment property) and equipment.
  - (3) Memberships.
  - (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - (5) Rights-of-use asset.
  - (6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - (7) Derivatives.
  - (8) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  - (9) Other major assets.
- Article 4 Definition
1. "Derivatives" used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, indexes of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
  2. "Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law" used herein refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Taiwan Business Mergers and Acquisitions Act, Taiwan Financial Holding Corporation Act, Taiwan Financial Institution Merger Act, and other Taiwan acts, or to transfer of shares from another Corporation through the issuance of new shares of its own as the consideration therefor ("transfer of shares") under Article 156-3 of the Taiwan Corporation Act.
  3. "Subsidiaries" and "Related Party" used herein should mean the subsidiaries and related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  4. "Professional Appraiser" used herein should mean any appraisers/appraisal institutions specialized in real estate or other lawful appraisers/appraisal institutions of real estate and equipment.
  5. "Date of the Event" used herein should mean, in principle, the contracting day, the payment day, the transaction day, the title transferring day, the day of a board resolution, or other dates when the transaction party and the transaction amount can be ascertained (whichever is earlier); for investments required to be approved by Taiwan authority, the Date of the Event will be any of the above-mentioned dates or the date on which the approval letter of Taiwan authority is received, whichever is earlier.
  6. Mainland China area investment refers to investments in the mainland China area approved by Taiwan's Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
  7. "Within the preceding year" used herein refers to the year preceding the date of occurrence of the current transaction. Valuation reports announced in accordance with the Procedures or advices offered by accountants need not be counted toward the transaction amount.

8. "The latest financial statements" used herein refers to the financial statements of the issuing Corporation for the most recent period, certified or reviewed by a certified public accountant before the Company acquires or disposes of securities.

Article 5 The limitation of acquisition of non-business real estate and right-of-use assets thereof or securities by the Company and its Subsidiary:

1. Investment limits
  - (1) The sum of real property right-of-use assets for non-business use and right-of-use asset shall not exceed 100% net worth of the latest financial statements of the Company.
  - (2) The total value of the invested marketable securities shall not exceed the combined value of net worth and long-term liabilities of the latest financial statements. The investment limit for individual securities shall not exceed 60% of the Company's net worth of the latest financial statement.
2. Investment limits of subsidiaries
  - (1) The sum of real property right-of-use assets for non-business use and right-of-use asset shall not exceed 40% net worth of the latest financial statements of the Company.
  - (2) The total value of the invested marketable securities shall not exceed the net worth of the latest financial statements. The investment limit for individual securities shall not exceed 60% of the Company's net worth of the latest financial statement.

Article 6 Any professional appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall follow Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 7 The procedures for acquisition or disposal of real estate, equipment, or right-of-use assets thereof and other fixed assets:

1. Evaluation and handling process

The acquisition or disposal of real estate and equipment can only be executed with proper approval in accordance with these Regulations and internal control system rules.
2. Transaction terms and approval process
  - (1) Either price comparison, bargain process, and tender process shall be performed for the acquisition or disposal of real estate, equipment, or right-of-use assets thereof. Publicly announced present value, assessed current value, and actual sold price for the real estate in the neighborhood.
  - (2) The acquisition or disposal of real estate and equipment shall be executed with proper approval in accordance with the Company's authority and delegation system, except when meeting with the requirement of Article 14, the acquisition or disposal of real estate and equipment shall be executed with the approval of the board of directors.

When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
3. The acquisition or disposal of real estate and equipment shall be executed with the financial & administrative departments after the approval in accordance with the Company's authority and delegation system aforementioned.
4. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
  - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
  - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
  - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be

engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, that the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Article 8

The procedures for the acquisition or disposal of securities

1. The acquisition or disposal of securities shall be executed with proper approval in accordance with these Regulations and with internal control system rules.
2. Transaction terms and approval process
  - (1) The value of securities sold in the Stock Exchange Market or Securities Firms shall depend on their marketability. Apart from the aforementioned places of a transaction, the value of securities shall depend on Book Value per Share, Profitability, potential, or current stock exchange price, or depend on the market rate of interest, Coupon Rate, and debtors' creditability.
  - (2) The acquisition or disposal of securities shall be executed with proper approval in accordance with the Company's regulations and with internal control system rules. Except when meeting with the requirement of Article 14, the acquisition or disposal of securities shall be executed with the approval of the board of directors.

When a transaction involving the acquisition or disposal of securities is submitted for discussion by the Board of Directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. However, cases for business needs or time-sensitive emergencies, or for capital movements such as

    - A. trading of bonds under repurchase/resale agreements
    - B. bond funds

shall be approved by the President of the Company and ratified by the board of directors with the proposal.
3. The investment made by securities shall be executed by the financing department after the approval in accordance with the Company's authority and delegation system aforementioned.
4. The Company acquiring or disposing of securities shall, prior to the Date of the Event, obtain the latest financial statements of the object corporation audited or reviewed by a certified public accountant for the assessment and reference of the transaction price. Should the transaction price reach 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the Date of the Event. These requirements are not applicable if such securities have a public price from an active market or where otherwise provided by regulations of the Taiwan Financial Supervisory Commission.

#### Article 8-1

The transaction amount listed in Article 7, Article 8, and Article 10 shall be calculated in compliance with Sub-paragraph 7, Paragraph 1, Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

#### Article 9

The procedures for acquisition or disposal of assets by the related party

1. When the Company engages in any acquisition or disposal of assets from or to a Related Party, in addition, to adhering to procedures regulated in Article 7, the Company shall follow the relevant procedures described below to ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised properly. When the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion.

The calculation of the transaction amount shall be in compliance with Paragraph 1, Article 8. When judging whether a trading counterparty is a Related Party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Evaluation and handling process

When the Company acquires or disposes of real estate or right-of-use assets thereof from a Related Party or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading Taiwan government bonds or bonds under repurchase/resale agreements and purchasing or repurchasing domestic money market funds issued by securities investment trust enterprise in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and recognized by the Board:

- (1) The purpose, necessity, and anticipated benefit of the property acquisition or disposal.
- (2) The reason for choosing the Related Party as a trading counterparty.
- (3) With respect to the acquisition of real estate or right-of-use assets thereof from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 3-1 and 3-4.
- (4) The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and the reasonableness of the fund's utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

With respect to the acquisition or disposal of business-use equipment or right-of-use assets thereof, or real property right-of-use assets between a public Corporation and its parent, subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board may pursuant to Article 7.2.2 delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting:

- A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- B. Acquisition or disposal of real property right-of-use assets held for business use.

If the Company or a subsidiary thereof that is not a domestic corporation will have a transaction set out in paragraph 2 and the transaction amount will reach 10% or more of the public Corporation's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholder meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent corporation or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 14.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholder meeting or the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

3. Evaluation process of the reasonableness of transaction costs

- (1) The Company, when acquiring real estate or right-of-use assets thereof from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:
  - A. Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer under Taiwan law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - B. Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real estate or right-of-use assets thereof from a Related Party and appraises the cost of the real estate or right-of-use assets thereof in accordance with

the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

- (4) When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the present Article, paragraph 3.5. . However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:
- A. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
  - B. Where the Company acquiring real estate or obtaining real property right-of-use assets through leasing, from a Related Party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.  
Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate or right-of-use assets thereof.
- (5) Where the Company acquires real estate or right-of-use assets thereof from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 3.1 and Article 3.2 are uniformly lower than the transaction price, the following steps shall be taken:
- A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another Corporation, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the public Corporation's equity stake in the other corporation.
  - B. The independent directors of the audit committee shall be established in accordance with Article 208 of the Company Act.
  - C. Actions taken pursuant to the preceding two subparagraphs (Article 3.5.1 and Article 3.5.2) shall be reported to a shareholder meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.  
The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on the decline in the market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (6) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the paragraphs 2 of the present Article, and the paragraph 1, 2, 3 of the present Article do not apply:

- A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - C. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
  - D. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with subparagraph 5 of paragraph 3 of the present Article if there is other evidence indicating that the acquisition was not an arms-length transaction.
4. The board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

#### Article 10

The procedures for acquisition or disposal of intangible assets, right-of-use assets thereof, or membership

- 1. The Company's acquisition or disposal of intangible assets, right-of-use assets thereof, or membership shall be in accordance with the internal control system rules.
- 2. The decision-making process of terms and conditions of the transaction and authorized amount:
  - (1) The acquisition or disposal of membership shall refer to the fair market value in deciding the terms and conditions of the transaction and transaction price and an analysis report should be prepared and reported to the president; when the price is NT\$3 million or less, such acquisition or disposal shall be reported to the president and the latest meeting of the board of directors; however, when the price is over NT\$3 million, the execution of such acquisition or disposal requires a separate approval of the board of directors.
  - (2) The acquisition or disposal of intangible assets or right-of-use assets thereof shall refer to a professional appraisal report or fair market value in deciding the terms and conditions of the transaction and transaction price and an analysis report should be prepared and reported to the chairman of the board of directors; when the price is NT\$20 million or less, such acquisition or disposal shall be reported to the president and the latest meeting of the board of director; however, when the price is over NT\$20 million, the execution of such acquisition or disposal requires a separate approval of Board of Directors.
  - (3) When the procedures for the acquisition and disposal of assets are submitted for discussion and approval by the audit committee and the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
- 3. Execution Unit:  
The acquisition or disposal of intangible assets, right-of-use assets thereof, or membership by the Company shall be approved by the authorization of approval provided in the preceding paragraph and executed by the department in charge and the financial & administrative department.
- 4. Except for transactions with domestic government agencies, the transaction amount of the Company's acquisition or disposal of intangible assets, right-of-use assets thereof, and membership which reaches 20% of the Company's actual paid-in capital or NT\$300 million shall require the accountant's opinion with regard to the reasonableness of the transaction price prior to the date of occurrence of the event.

#### Article 11

Procedure for Acquisition or Disposal of Claims from Financial Institution

The Company in general does not engage in any transactions of acquisition or disposal of claims of financial institutions. In the event that the Company intends to engage in such transactions, it is required to report to the board of directors for approval and establish its procedures for evaluation and operation.

#### Article 12

Procedures for Financial Derivatives Transactions

- 1. Instruments
  - (1) "Financial derivatives" referred to herein are broadly defined as instruments that derive their value from the performance of forward exchanges, options, futures, and interest rates of various combinations thereof contracts. Instruments that are not specified herein must be approved by the chairperson in advance and submitted to the latest board of directors afterward.



- (2) Transactions involving financial derivatives need to be ascertained to be conducted for hedging purposes.
2. Management or Hedging Strategy
  - (1) Hedged items
    - A. Current hold asset and liability
    - B. Assets and liabilities that are expected to be held. (i.e., forecast transactions; can also be divided into two types: firm commitments and those that do not have commitments but can be expected to occur).
  - (2) Hedged subjects: the Company and domestic and foreign subsidiaries
  - (3) Delivery method
    - A. Full-cash delivery method  
In terms of the buyers (or sellers) entering the derivatives market, when the contract expires, the actual delivery of the full amount of the principal is made to prepare for the demand for the hedged items.
    - B. Balance Settlement  
The party who buys (or sells) in the derivatives market, before or when the contract expires, shall make a reversal transaction of selling (or buying) to the same trading partner. Settlement is based on the price difference between buying and selling. The hedged items are traded on the spot when demand is met. Both the buyers and sellers have their profit and loss respectively; therefore, in addition to the effect of hedging, both transaction methods have their flexibilities in terms of operation and internal control, thereby reducing the delivery and credit risks.
  - (4) Instruments: The Company's financial derivatives transactions shall be operated and controlled by the financial department of the headquarter. The mother company shall bear the responsibilities of signing contracts, actual transactions, and post control despite of the fact that there are any cultural issues or regulatory differences among overseas subsidiaries and those issues causing financial derivatives transactions must be made with the overseas subsidiaries.
  - (5) Strategy for Hedging Transaction: The hedged positions shall be subject to a reverse manner of transaction.
  - (6) Transaction Period
    - a. The upper limit of the period of the hedging transaction is at the maturity date of the target which includes the following:
      - (a) The duration of the hedged target to the maturity date is more than one year (including existing and expected assets and liabilities). OR
      - (b) Those whose generation and elimination factors are clear and can exist independently and easily identifiable (such as project financing) OR
      - (c) The advance maturity date is unclear such as convertible bonds.
    - b. Below are the situations of the hedging transactions whose duration is limited to one year and are allowed to not work out with the hedged target:
      - (a) The duration of the hedged target to the maturity date is within one year (including existing and expected assets and liabilities). OR
      - (b) The recurring business operations, which include the timing, price, and amount of its occurrence or disappearance that are trivial, sporadic, or difficult to confirm individually (such as bank deposits).
  - (7) Strategy for Non-hedging Purpose: The strategy for non-hedging purposes is in accordance with Paragraph 2.3 and Paragraph 2.4.
3. Authorization / Delegation
  - (1) The board of directors
    - A. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk and on behalf of the Company to sign relevant contracts or open accounts.
    - B. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
    - C. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
  - (2) Senior management personnel
    - A. Periodically evaluate whether the risk undertaken is within the Company's permitted scope of tolerance, whether the structure of the organization is reasonable, and whether the internal and external communications are shared.
    - B. To ensure that the relevant personnel handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

- C. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances (such as the held position has exceeded the loss limit), appropriate measures shall be adopted, and a report immediately made to the board of directors.
  - D. Assess the rationality, fairness, and potential risks to the Company of related contracts.
  - E. When irregular circumstances and major events are found in the course of supervising trading and profit-loss circumstances, the financial department shall be temporarily authorized the transaction, and a report shall be immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (3) Financial department  
The financial department is responsible for the collection and compilation of information on the Company's risk including all hedged targets of the hedged subjects, collection, analysis, and judgment of market conditions, proposals or transaction execution, monitoring and evaluating the market price at any time.
- (4) Accounting department  
The accounting department shall make the accountant subpoena or execute accounting based on transaction receipts, Generally Accepted Accounting Principles (GAAP), and related financial and accounting standard bulletins.
- (5) Internal audit personnel  
Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct auditing on how well the related departments follow the Procedures, and to produce reports with trading cycle analysis on a monthly basis. Should there be any violation found, a written report is needed to notify the Audit Committee and the Board of Directors.
4. Performance Evaluation  
Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by the business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. Transaction Contract Amount  
The number of total contracts outstanding at any time point shall not exceed the net worth of the latest financial statements.
6. Loss Control
- (1) Individual contract  
The loss limit is 20% of the contract amount. In case of special circumstances, actions made by the senior management personnel require prior approval from the board of directors.
  - (2) All contracts  
The loss limit is 20% of the contract amount on an aggregated basis.
7. Risk Management
- (1) Credit Risk Control  
Credit risk is controlled by restricting the counterparties that the Company deals with to those banks that are internationally renowned and creditable and can provide sufficient information.
  - (2) Market/Price Risk Control  
Market risk is controlled by focusing on the common types of trade finance products, and by reducing the trading the special financial products.
  - (3) Liquidity Risk Control  
Liquidity risk is controlled by restricting counterparties to those who have the sizable trading capacity and capability to offer the best quotation.
  - (4) Cash Flow  
The Company shall maintain an adequate level of quick assets and credit facilities to meet the cash settlement requirement.
  - (5) Operating Risk Control
    - A. Delegation systems and operating procedures set forth herein are employed to control operating risks.
    - B. The financial department is responsible for operating financial derivatives transactions. Transaction personnel, confirmation, delivery, and other operations personnel shall not concurrently serve each other. The trader should deliver the transaction voucher or contract to the accounting department on a monthly basis for verification.

C. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or an executive manager or supervisor who is not responsible for trading or hedging position policy-making.

(6) Legal Risk Control

The transaction contract shall be made in terms of the common agreement in the form of general contracts. Any special legal documents in respect of financial derivative transactions shall first be reviewed by in-house and/or outside legal counsel.

8. In accordance with the relevant regulations, a reference book shall be established and maintained to record the financial derivative transactions in which details of the types and amounts of derivatives trading engaged in, the board of directors approval dates, and the matters required to be carefully evaluated shall be recorded in detail in the reference book.

Article 13

The procedures for conducting merger, demerger, acquisition, or transfer of shares:

1. Evaluation and handing process

(1) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to set up an ad hoc group and give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public Corporation of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public Corporation directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(2) The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholder meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholder meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholder meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholder meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholder meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholder meeting.

2. Others

(1) The Company participating in a merger, demerger, or acquisition shall convene the board of directors meeting and shareholder meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in a transfer of shares shall call the board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(2) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any Corporation related to the plan for merger, demerger, acquisition, or transfer of shares.

(3) Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

B. An action, such as a disposal of major assets that affects the Company's financial operations.

C. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

- D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another Corporation, buys back treasury stock.
  - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares in accordance with the Article 317-1 of the Company Act and the Article 22 of Mergers and acquisitions (M&A) and shall also record the following:
    - A. Handling of breach of contract.
    - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any Corporation that is extinguished in a merger or that is demerged.
    - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
    - D. The manner of handling changes in the number of participating entities or companies.
    - E. Preliminary progress schedule for plan execution, and anticipated completion date.
    - F. Scheduled date for convening the legally mandated shareholder meeting if the plan exceeds the deadline without completion, and relevant procedures.
  - (5) After public disclosure of the information, if any Corporation participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another Corporation, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating Corporation's shareholder meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating Corporation may be exempted from calling another shareholder meeting to resolve on the matter anew.
  - (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public Corporation, the Company shall sign an agreement with the non-public Corporation whereby the latter is required to abide by the provisions of the paragraph 2.1, paragraph 2.2, and the paragraph 2.5 of the present Article.
  - (7) When participating in a merger, demerger, acquisition, or transfer of another Corporation's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
    - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another Corporation's shares prior to disclosure of the information.
    - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of the board of directors meeting.
    - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
  - (8) When participating in a merger, demerger, acquisition, or transfer of another Corporation's shares, the Company shall, within two days commencing immediately from the date of passage of a resolution by the Board, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the authority for recordation.
  - (9) Where the Company participating in a merger, demerger, acquisition, or transfer of another Corporation's shares is neither listed on an exchange nor has its shares traded on the Taipei Exchange (TPEX) market, the Company shall sign an agreement with such Corporation whereby the latter is required to abide by the provisions of paragraphs 7 and 8.

Article 14

Under any of the following circumstances, a public Corporation acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets

thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  - (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets NT\$500 million or more.
  - (5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
  - (6) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
    - A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
    - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (7) The amount of transactions above shall be calculated as follows:
    - A. The amount of any individual transaction.
    - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
    - C. The cumulative transaction amount of real estate or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
    - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
  - (8) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
2. Announcement and report procedures
- (1) The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan.
  - (2) A public Corporation shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
  - (3) All items should be published again within two days commencing immediately from the date to be informed if any item required to be disclosed is missing during the original publication.
  - (4) The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.
  - (5) Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make an "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event.
    - A. Amendment, termination or cancellation of the original agreement;
    - B. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
    - C. Change to the originally publicly announced and reported information.

Article 15

- The Company shall cause all subsidiaries to act in accordance with the following:
1. The subsidiaries of the Company each shall prescribe their own rules for acquisition or disposal of assets pursuant to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies.
  2. The subsidiaries of the Company shall act in accordance with the Company's regulations on the acquisition or disposal of assets.

3. In the event that the subsidiaries are non-public offering companies, or the acquisition or disposal of assets of the subsidiaries of the Company complies with the standard of public announcement of acquisition or disposal of assets, the Company shall represent the subsidiary to declare and report relevant information to the authorized responsible unit of the approval by the relevant authority.
4. The Company's internal auditors shall periodically find out the adequacy of its internal control of acquisition or disposal of assets and conduct quarterly audit and prepare audit report on the compliance of the procedures. If major violations are found, written notice shall be made to the audit committee.
5. When the Company's internal auditors audit at subsidiaries based on the annual audit plans, the auditors shall find out the progress on the execution of the acquisition or disposal of assets in compliance with the procedures. If any deficiencies are found, the auditors shall track improvements, and a tracking report should be made and reported to the president.
6. The paid-in capital or total assets of the Company shall be the standard applicable to Article 14, paragraph 1.

Article 15.1 ...Total Assets and the Recognition of Paid-in Capital

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent corporation only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of the Company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 16 Penalty for violation of the Procedures by personnel in charge

Should there be any violation of the applicable laws, rules, and regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company.

Article 17 Implementation and amendments

The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in this article shall be counted as the actual number of persons currently holding those positions.

Article 18 Additional Provisions

Things not mentioned in this Procedure will be processed according to the relevant regulated laws and regulations.

Article 19 The Procedures have been made and implemented since June 30, 2003.

- The 1<sup>st</sup> amendment was made on June 10, 2005.
- The 2<sup>nd</sup> amendment was made on June 15, 2007.
- The 3<sup>rd</sup> amendment was made on June 19, 2012.
- The 4<sup>th</sup> amendment was made on June 23, 2014.
- The 5<sup>th</sup> amendment was made on June 27, 2017.
- The 6<sup>th</sup> amendment was made on June 25, 2019.
- The 7<sup>th</sup> amendment was made on July 29, 2021.
- The 8<sup>th</sup> amendment was made on June 21, 2022.

**【Appendix 4】****Solytech Enterprise Corporation**

## Shareholdings of Directors

1. The company's paid-in capital calculated till April 22, 2023 is NT\$ 1,504,145,360. The total outstanding shares were 150,414,536 shares.
2. The list of minimum number of directors' shareholdings was prescribed as 9,024,872 shares in accordance with Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Directors' and Supervisors' Share Ownership Ratios in Public Companies.
3. The listed shareholdings of each and all directors were calculated based on the outstanding shares which are legally permitted to issue as of the book closure date of the Company's shareholders' meeting (April 22, 2023).

Unit: share

Title	Name	Number of Shareholdings	Shareholding Ratio (%)
President	Cheng, Chieh	9,290,500	6.18%
Director	Cheng, Hsiang	8,737,838	5.81%
Director	Cheng, Ken-Yi	0	0%
Director	Lee, Kan-Jung	1,144,661	0.76%
Independent Director	Chung, Yi-Hao	0	0%
Independent Director	Ho, Mei-Ying	0	0%
Independent Director	Chang, Ke-Hao	0	0%
Total Shareholdings of All Directors		<b>19,172,999</b>	<b>12.75%</b>