



海韻電子工業股份有限公司  
*Sea Sonic Electronics Co., Ltd.*

## **Agednda Handbook for the 2022 General Shareholder's Meeting**

**How this Corporation convenes: In-person Meeting**

**Meeting date:** Thursday, June 16, 2022 at 10am

**Venue:** 2F., No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City  
(Lily Conference, WeiMei Hall)

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# **I.SEA SONIC ELECTRONICS CO., LTD.**

## **Procedure of the General Shareholder's Meeting**

**Meeting date:** Thursday, June 16, 2022 at 10am

**Venue:** 2F., No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City (Lily Conference, WeiMei Hall)

### **Agenda**

I.Call the Meeting to Order

II.Chairperson's Speech

III.Company Reports

- (1) Annual Business Report 2021.
- (2) Audit Committee's review report on the 2021 annual final accounts.
- (3) Report on the distribution of employees' remuneration and directors' remuneration for 2021.
- (4) Report on the implementation of the investment in China.
- (5) Report on the issuance of the Company's first domestic unsecured convertible bonds.
- (6) Establishment of Sustainable Development Best Practice Principles.

IV.Approvals

- (1) Approval of Annual Business Report 2021 and annual final accounts.
- (2) Approval of 2021 Surplus Distribution.

V.Discussion

- (1) Amendment of Procedures for Acquisition or Disposal of Assets.
- (2) Amendment of Articles Of Incorporation.
- (3) Amendment of Rules of Procedure for Shareholders Meetings.

VI.Extraordinary Motions

VII.djournment

## II. Company Reports

Motion 2

Content: Annual Business Report 2021.

Description:

### I. Annual Business Report 2021.

In 2021, due to the spread of the Covid-19, the shortage of labor and materials, the butterfly effect of port congestion, the era of the broken supply chain, and the raging tide of inflation, the global economic activities seem to go through a huge change, sometimes tightening, sometimes liberating, and sometimes stagnating. It has become a daily operation for people to cooperate with the government to prevent the epidemic, and enterprises have to offer various expedient strategies to cope with the dangerous environment.

As the Covid-19 epidemic continues to spread, work-from-home and distance learning have become the norm in 2021. The accelerated digital transformation of many industries will keep demand in the PC industry steady from 2020 through the first half of 2021. Coupled with the gradual increase in vaccination rates in various countries, major economies are revitalizing, leading to a rapid recovery in the global economy with growth of 5.9% in 2021. Sea Sonic has benefited from this, with significant growth in the first half of the year. However, with the strong rebound in several major economies, it is worrisome that emerging markets and developing economies continue to struggle with the epidemic.

As expected, since the second half of 2021, the spread of the Covid-19 epidemic has posed the greatest challenge to the human species. Even with the increase in vaccine doses and vaccination rates, it is still difficult to eradicate the invasion of mutant strains. The shortage of raw materials and labor has not been slowed down, making inflation record high month by month, and the tight supply chain as well as port congestion, uneven distribution of containers and other capacity problems have led to repeated surge in sea freight prices, ultimately causing a serious imbalance between supply and demand for commodities. In addition, the stay-at-home economy effect is gradually receding, and the growth momentum of PC industry is slowing down, and related companies are struggling in the turbulent situation. For the full year of 2021, the strong demand in the first half of the year still generated an impressive 349 million units of PC shipments worldwide, compared to 275 million units in 2020, representing an annual growth of 26% and an eleven-year peak in demand. The market situation has also reflected on the demand for power supplies, and we are striving to meet the needs of our customers by maximizing the marginal benefits of our limited resources while taking into account the health and safety of our employees and ensuring the normal operation of our factories and companies.

In addition, the rapid development of the electric vehicle industry and the AIoT industry has resulted in a continuous tight supply of chips worldwide, resulting in a shortage crisis that has not yet ended, extended delivery schedules and high prices. Coupled with the tight supply of semiconductors due to the increased restrictions imposed by the U.S. on Chinese semiconductors, our production costs have been pushed up and the pressure on us has increased significantly. In order to overcome the challenges of the epidemic, we have made our best efforts to overcome production capacity and turnover, actively seek cooperation from customers and suppliers, adjust our human resources internally, replenish our talent pool, enhance education and training, improve information protection and information security, invest in technology development for high-end products, and optimize our manufacturing processes to create product differentiation from our competitors. At the same time, we also implemented a contingency plan to meet the demand for off-China production capacity and overcome the 25% tariff imposed by the U.S. on Chinese products. Thanks to the hard work of all employees and the support of our shareholders, we were able to achieve a good growth in revenue and profit for 2021 compared to 2020.

For fiscal 2021, the Company's consolidated revenue was \$5,017,499 thousand, consolidated gross profit was \$1,491,645 thousand, and consolidated net income attributable to the parent company was \$752,829 thousand. Compared with fiscal 2020, consolidated revenue increased by \$1,125,624 thousand, consolidated gross profit increased by \$258,011 thousand, and consolidated net income attributable to the parent company increased by \$141,697 thousand, representing a

28.92% increase, 20.91% increase, and 23.19% increase. The return on assets, return on equity, net income before tax to paid-in capital and net income ratio were 18.16%, 31.86%, 120.49% and 15.00%, respectively, and earnings per share were NT\$9.42 after tax. The main sales regions are domestic market (3.11%), American market (20.84%), Asian market (53.71%), European market (21.88%) and other regions (0.46%).

Results of operations and profitability in the consolidated financial statements for the year 2021

Financial income and expenses Unit: NT\$1,000

Item	Year	2020	2021
Net operating income		3,891,875	5,017,499
Net operating profit		1,233,634	1,491,645
Net income after tax attributable to the parent company		611,132	752,829

Profitability Unit: %

Item	Year	2020	2021
Return on assets (%)		18.47	18.16
Return on equity (%)		31.55	31.86
Net income before tax to paid-in capital ratio (%)		96.46	120.49
Net income ratio (%)		15.70	15.00
Earnings per share (NT\$)		7.64	9.42

In accordance with current regulations, the Company has not made public its financial forecast for fiscal 2021, and its actual operating condition and performance are generally in line with its internal business plan.

## II. 2022 Business Plan and Future Development Strategy

### (1) Operation policy

1. Uphold the spirit of Sea Sonic's enterprise, research and develop energy-saving power supplies, and insist on sustainable development.
2. In response to global economic changes, broaden the sources of income and economize on expenditures to create long-term profitability.
3. Foresee market application trends, expand R&D centers, and refine core technologies.
4. Shorten product development time, improve R&D management, and complete intellectual property protection.
5. Establish long-term competitive advantages, make good use of human resources, and cultivate outstanding talents.
6. Dense network of business partners, strengthen channel expansion, and provide quality services.
7. Optimize operational process management, strengthen control mechanism, and improve operational quality.

### (2) Important production policies and competitive business environment

#### 1. Products

Continuously cultivate the retail power supply market to maintain the top brand image. By communicating with power supply experts and using first-hand feedback from our online and offline customers, we will analyze statistics to accurately grasp customer needs and introduce new ATX3.0 specifications in line with Intel's requirements in order to develop new high-power density power supplies with the best specifications

and quality to meet market needs. The R&D department will continue to research new circuit architectures, introduce new materials, develop new processes that meet high efficiency and high quality, and automate and digitize effective testing and verification methods to lay the foundation for product development with technological development, and build the competitive threshold with technological innovation and patents to maintain the leading position in the global market for high-end products.

## 2. Marketing

In 2021, with the vaccination and border control in various countries, the epidemic is under control and the economy is gradually recovering, and some business visits and exhibition activities are gradually resuming. Online sales are booming, and the frequency of direct communication between buyers and sellers via the Internet is increasing rapidly, in addition to the continued development of new promotions by e-commerce companies. In 2022, we will continue our principle of close communication with customers and online review professionals to increase customers' awareness of the Sea Sonic brand and foster emotional connections with customers through multiple means of communication, thereby enhancing customers' loyalty to our products. We will also offer incentive programs for returning or repurchasing customers, so that we can grasp the preferences of customers and let Sea Sonic's image of top-notch products that are environmentally friendly, energy efficient, quiet, and highly effective be deeply rooted in people's hearts, so that more users can understand the high cost performance of our products, and through these products, we can market more products of different product lines worldwide through our existing platform.

## 3. Production

Due to the gradual recovery of the global economy and the volatility of the epidemic, we will complete the expansion of our production capacity and decentralize our production bases in 2022. We will continue to optimize and digitize our production processes in response to the severe labor shortage at our production sites. We will improve production and testing automation, and move towards high performance production in the direction of Industry 4.0. We will also use big data analysis of production and quality to continuously improve product quality and move towards the goal of zero defects. In 2022, the supply chain of semiconductors will be disrupted by the epidemic and shortages will continue to occur, and production costs will continue to increase due to the price and volume imbalance of metals, MLCCs, plastics, cartons, and other materials, as well as increasing global inflation. If the epidemic continues, the risk of downtime will be extremely difficult to mitigate, so ensuring a smooth supply of materials will remain a top priority in 2022.

## 4. Customer service

In order to provide diversified services to our major customers in the ever-changing market, we not only maintain weekly network meetings, but also continue to pay attention to our sales to customers and their feedback on our products, so that we can analyze and continuously improve our products to meet customers' needs. In addition, we evaluate and improve the level and capacity of our R&D, manufacturing, and testing equipment to meet the needs of high-end product development, manufacturing, and multi-point decentralized production capacity, and accurately grasp the production progress and yield rate of our production lines to present them to our customers, so that we can work together to improve them. For global end customers, we provide and refine online customer service, technical consultation, and maintenance registration through a variety of established network service systems to achieve real-time, accurate, and customer-satisfied service.

## 5. Management

Employees are the most important core asset of the company, and in 2022 we will have a new plan for employee training and development, implement an organizational structure analysis, recruit talented people, strengthen training, implement performance management, and supplement with reasonable salary planning, in order to improve human resources and organizational structure. We will continue to strengthen the function of the board of directors so that external directors, who have social status and experience, can make good use of their professionalism, experience, style and connections to help the Company grow significantly and continuously with an objective mind. We invite independent directors to participate in the construction and formulation of the Company's operational objectives and business strategies, so that they can communicate more fully with the audit, legal, finance, and accounting

officers, and enhance the contribution of the Board of Directors, Audit Committee, and Compensation Committee to the Company. In addition, we will also accelerate the implementation of ESG in line with government policies and deepen our efforts in the global investment market to promote corporate governance, fulfill corporate social responsibility, energy conservation and carbon reduction, and promote environmental protection.

Looking ahead to 2022, with the severe international war and the economic impact of the epidemic shifting to the supply side, the global supply chain will be more fragile than originally anticipated, making it difficult for companies to purchase key raw materials and components for finished products. We will plan ahead to respond to the demand for raw materials with strategic planning. In addition, monetary policy tightening will impact the global economy. As the economy is rebounding but supply is tight, prices are rising. Inflation is expected to rise sharply, and it is difficult to relieve in the short term. In particular, the supply chain continues to face bottlenecks, manpower shortages, container congestion has not been relieved, and some countries continue to restrict business activities in order to prevent epidemics. It will take time for the global economy to fully recover, and the return to normalcy is likely to be further delayed by the Omicron variant of the virus. Therefore, the stay-at-home economy will continue to play an important role, the U.S.-China confrontation pattern and the anti-globalization wave have no sign of ending, and the decentralization of production bases will continue to be a long-term strategy.

Even though all these show that the chaotic situation has already set a record, it further deepens the uncertainty of the future. However, we will continue to put the satisfaction of our customers' needs as our top priority, increase production capacity through automation, maintain partnerships with upstream manufacturers to ensure no shortage of materials, reduce costs and expenses through improved management, and increase profitability for our shareholders; ensure the safety of our employees and smooth operations through high-standard epidemic prevention measures; increase the proportion of non-China production sites through strategic alliances with outsourcing. We also continue to build competitive advantages through technology, develop highly competitive products, gain trust from end-users through quality, and strengthen global brand awareness; enhance organizational productivity through optimal use of manpower; and manage risks from an international perspective in response to market changes.

The challenges in 2022 will be different from those in the past due to the changing epidemic and international situation, the change of Intel specifications, the effect of interest rate increase and the crisis of supply chain disconnection. We will be prudent in formulating short-, medium- and long-term strategies and plans, and we will strengthen our competitive strength and maintain our high-end power supply brand image by recruiting talented people, developing advanced technologies, developing high-end products, strengthening production capacity, refining organizational management, optimizing information systems, promoting partnership, strengthening network marketing, and accelerating ESG. At the same time, we value and listen to the opinions of all stakeholders, understand their concerns about ESG-related issues, and set guidelines for the Company's sustainable development strategy to identify the three major issues of governance, environment, and society, and internalize them into the Company's sustainable development goals, so that we can establish a model enterprise for mutual trust and mutual benefit.

In 2022, we are committed to successfully launching ATX3.0 series products and process optimization to enhance our competitiveness and provide the best power supply solutions to our customers, and the planning of off-China production capacity is expected to be successfully implemented. We believe that with the support of our shareholders and the continued efforts of all of our employees, we will be able to ride the waves and overcome the difficulties to accelerate the achievement of our ultimate goal of sustainable operation. We would like to thank our shareholders for your continuous support and love.

Sea Sonic Electronics Co., Ltd.

Chairperson: CHANG, HSIU-CHENG

General Manager: CHANG, HSIU-CHENG

Accounting manager: CHANG, EN-HAO

Motion 2:

Content: Audit Committee's review report on the 2021 annual final accounts

Description:

### **Audit Committee Report**

#### **Audit Committee Report**

The Board of Directors had prepared and submitted the 2021 Business Report and Financial Statements (including the consolidated statements). The audit of the financial statements was completed by accountants LIN, CHI-LONG and CHEN, CHAO-HUI at Crowe (TW) CPAs, and an audit report was issued. The audit of the aforementioned statements was conducted by the audit committee, and no inconsistency was found. The audit report was issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely,

2022 Shareholders General Meeting of SEA SONIC ELECTRONICS CO., LTD.

Convenor of Audit Committee: HUANG, CHIN-HSIANGM

Date : 22 March 2022



**Motion 3**

**Content:** Distribution of Employees' Remuneration and Directors' Remuneration for 2021

**Description:** In accordance with the Company's Articles of Association, the Board resolved to distribute the remuneration to employees and directors as follows:

Unit: NT\$

<b>Item</b>	<b>To whom paid</b>	<b>Amount paid by resolution of the Board</b>	<b>By</b>
Employees' Remuneration	Employee	46,777,806	Cash
Directors' Remuneration	Director	7,000,000	Cash
Total		53,777,806	

**Motion 4****Content:** Report on the Implementation of Investment in China**Description:**

SEA SONIC ELECTRONICS CO., LTD.

Chart of Investment in Mainland China

Mar.31, 2022

## 1. Disclosure of information related to investment in China

Unit: USD, HKD, NTD in thousands

Name of Mainland China investee company	Main Business Items	Paid-in capital	Investment Approach	Accumulated investments remitted from Taiwan at the beginning of the period (Note 4)	Amount of investment remitted or recovered during the period		Cumulative amount of investments remitted from Taiwan at the end of the period (Note 4)	Percentage of the Company's shareholding in direct or indirect investments	Profit or loss for the period of the investee company	Investment gains and losses recognized during the period (Note 2)	Carrying value of investments at the end of the period	Investment income remitted up to the period
					remitted	recovered						
Dongguan Sea Sonic Electronics Co., Ltd.	Production of Switching Power Supplies	HKD 29,030,000	註(1)、(3)	USD 3,748,125 (NTD107,309)	—	—	USD 3,748,125 (NTD107,309)	100%	NTD 12,738	NTD 12,738	NTD 300,810	-
Shenzhen Yuanli Electronics Co.	Computer hardware, equipment import and export business	USD 200,000	註(1)、(3)	USD 200,000 (NTD5,726)	—	—	USD 200,000 (NTD5,726)	100%	(NTD 922)	(NTD 922)	NTD 5,972	-

Unit: USD, NTD in thousands

Cumulative amount of remittance from Taiwan to Mainland China at the end of the period (Note 4)	Amount of investment approved by the Investment Committee of the Ministry of Economic Affairs (Note 4)	Investment quota in Mainland China in accordance with the Investment Commission of the Ministry of Economic Affairs (Note 5)
USD 3,948,125 (NTD 113,035)	USD 3,948,125 (NTD 113,035)	NTD 1,641,146

Note: (1) The Company invests in Mainland China through a third area company.

(2) Gains or losses were recognized in the financial statements reviewed by a certified public accountant of the parent company in Taiwan.

(3) The Company's investment in Dongguan Sea Sonic Electronics Co., Ltd. and Shenzhen Yuanli Electronics Co., as of Mar.31, 2022, the accumulated investment is USD3,948,125, indirectly investing USD3,748,125 in Dongguan Sea Sonic, and USD200,000 in Shenzhen Yuanli in Mainland China.

(4) The figures for the current period should be presented in New Taiwan dollars, and if foreign currencies are involved, they should be converted to New Taiwan dollars using the exchange rate at the date of the financial statements.

(5) In accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs, the cumulative amount or percentage of investment in Mainland China shall be capped at 60% of the net value or consolidated net value (whichever is higher).

(6) Dongguan Sea Sonic Electronics Co., Ltd. and Shenzhen Yuanli Electronics Co., both of which are 100% owned by the Company. The investments are made through Resonic Holdings Co., Ltd.. All significant transactions are integrated into the Consolidated Statement.

## 2. Significant transactions with Mainland investee indirectly arising from third area company:

Please refer to the "Information on Significant Transactions" and "Business Relationships and Significant Transactions between Parent and Subsidiary" in the consolidated financial statements for details of significant transactions between the Group and its investees in Mainland China from January to March 2022.

#### Motion 5

Content: Report on the First Issue of the Company's Domestic Unsecured Convertible Bonds

#### Description:

1. In order to obtain sufficient operating capital to enhance the competitiveness of the Company, the Audit Committee and the Board approved the issuance of 6,000 domestic unsecured convertible bonds on July 21, 2022, with a face value of NT\$100,000, in an interest rate of 0% for a three-year term to obtain NT\$600 million. The issuance was completed on September 9, 2022 and was listed on the Over-the-Counter Securities Trading Center of the Republic of China.
2. The subject of the conversion is the Company's common stock, and the Company will fulfill the conversion obligation by issuing new shares.
3. The conversion price at the time of issuance was NT\$95.80.
4. As of March 31, 2022, the holders of the Company's bonds had applied for 0 conversions.

#### Motion 6

Content: The establishment of Sustainable Development Best Practice Principles of the Company

#### Description:

1. In order to fulfill the Company's corporate social responsibility and to promote economic, environmental and social progress in order to achieve the goal of sustainable development, Sustainable Development Best Practice Principles is established in accordance with the Code of Practice for Sustainable Development of Listed Companies for the management and all employees to follow in order to manage the economic and environmental impacts and social risks of the Company's overall operation activities.
2. Please refer to p.14-18 of this Handbook for Sustainable Development Best Practice Principles of the Company

### III. Approvals

#### Motion 1 by the Board

Content: 2021 final statements and business report for recognition

Description: 1. The final statements and the business report for 2021 have been prepared by the Board and submitted to the Audit Committee for audit, of which the final statements have been audited by accountants LIN, CHI-LONG and CHEN, CHAO-HUI at Crowe (TW) CPAs and an unqualified audit report is issued accordingly.  
2. The report has been approved by the Board on March 22 2022 and the Audit Committee has duly reviewed.

Annex: 1. Business Report (P.2-5 of the Handbook) °  
2. Accountants' report, parent company only and consolidated financial statements (P.19-38 of the Handbook) °

Resolution:

#### Motion 2 by the Board

Content: 2021 surplus distribution for recognition

Description: 1. The Company's net profit after tax for 2021 was NT\$752,829,350, after being less NT\$275,048 of retained earnings from other comprehensive income, and being less NT\$75,255,430 of legal reserve and NT\$8,381,080 of special reserve in accordance with the Company Act, and being combined with NT\$375,549,132 of accumulated undistributed earnings from prior years, the total distributable surplus is NT\$1,044,466,924.  
2. In accordance with the Company Act and the Company's Articles of Association, the following is proposed to be distributed:  
Cash dividends to shareholders amounted to NT\$399,766,385 (NT\$5 per share).  
The remaining accumulated undistributed earnings after the distribution amounted to NT\$644,700,539.  
3. The earnings of 2021 shall be allocated in priority.  
4. The cash dividend distribution is calculated by the method of "unconditional rounding up to the nearest dollar". The Board has authorized the Chairperson to appoint a specific person to handle the distribution of cash dividends.  
5. The Board has approved this proposal and submitted it to the shareholders' meeting for recognition in accordance with the law. After the approval of the shareholders' meeting, it is proposed that the Board authorize the chairman to determine the base date for dividend distribution and other related matters.  
6. In the event that the number of outstanding shares changes due to the repurchase, transfer or cancellation of treasury shares, the exercise of conversion rights by overseas convertible bonds and domestic convertible bonds, or the exercise of employee stock options by the Company's employees, the Board will authorize the Chairperson to handle the relevant matters.

SEA SONIC ELECTRONICS CO., LTD.

Surplus Distribution Table

2021

Unit: NT\$

Item	Amount
Undistributed earnings at beginning of period	375,549,132
Add: Net profit after tax for 2021	752,829,350
Less: Change in remeasurement of defined benefit plans for the period	(275,048)
Recognised Items	
Less: Legal reserve	(75,255,430)
Less: Special reserve (exchange differences on translation of financial statements of foreign operating companies)	(8,381,080)
Available-for-distribution earnings for the year	1,044,466,924
Distribution Items	
Cash dividends to shareholders (NT\$5 per share)	(399,766,385)
Undistributed earnings at the end of the period	644,700,539

Note: The earnings of 2021 shall be allocated in priority.

Undistributed surplus at the end of the period: 2012-10,706,385 dollars/2013-9,394,768 dollars

/2014-35,394,536 dollars

2015-17,737,251 dollars /2016-21,358,943 dollars /2018-69,929,188 dollars /2019-59,593,300 dollars

2020-151,434,761 dollars /2021-269,151,407 dollars.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN-HAO

Resolutions:

## **IV. Discussion**

### **Motion 1 by the Board**

Content: Amendment of Procedures for Acquisition or Disposal of Assets for discussion.

Description: 1. Amendments of Procedures for Acquisition or Disposal of Assets for discussion to be in line with the changes of the Act.  
2. Please refer to P.39-44 of the Handbook for the comparison table.  
3. Hereby proposed for resolution.

Resolutions:

### **Motion 2 by the Board**

Content: Amendment of Articles of Incorporation for discussion.

Description:

1. In line with the amendment to Article 172-2 of the Company Act, it is proposed that the Articles of Association be amended to add the requirement for shareholders' meetings to be held by video conference.
2. Please refer to P.45-46 of the Handbook for the comparison table.
3. Hereby proposed for resolution.

Resolutions:

### **Motion 3 by the Board**

Content: Amendment of Rules of Procedure for Shareholders Meetings for discussion.

Description:

1. It is proposed to amend the Rules of Procedure for Shareholders Meetings to meet the need to convene the shareholders' meetings by video conference.
2. Please refer to P.47-56 of the Handbook for the comparison table. °
3. Hereby proposed for resolution.

Resolutions:

## **V. Extraordinary Motions**

# VI. Annex

## Annex (1)

SEA SONIC ELECTRONICS CO., LTD.

## Sustainable Development Best Practice Principles

### Chapter I General Principles

#### Article 1

In order to assist the Company to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company hereby adopts the Principles according to Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies to manage the economic, environmental and social risks and impact.

#### Article 2

The Principles apply to the Company, including the entire operations of the company and its business group.

The Company shall actively fulfill the corporate social responsibility in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

#### Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

#### Article 4

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

#### Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving corporate social responsibility, the Company's board of directors is advised to review and consider including it in the shareholders meeting agenda.



## **Chapter 2 Exercising Corporate Governance**

### **Article 6**

The Company is advised to follow the Corporate Governance Best Practice Principles for The Company, the Ethical Corporate Management Best Practice Principles for The Company, and the Code of Ethical Conduct for The Company to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

### **Article 7**

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:

1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;
2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

### **Article 8**

The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

### **Article 9**

For the purpose of managing corporate social responsibility initiatives, The Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

### **Article 10**

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

## **Chapter 3 Fostering a Sustainable Environment**

### **Article 11**

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

**Article 12**

The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources. The Company shall uphold the principle of 4R (Reduce, Reuse, Recycle, Replace) to reduce the impact of operational activities on the natural environment.

**Article 13**

The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

**Article 14**

The General Manager Office is the dedicated unit of the Company for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and to promote suppliers and customers to adopt environmental protection measures to save energy, reduce carbon and care for the earth together.

**Article 15**

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

**Article 16**

To improve water use efficiency, The Company shall properly and sustainably use water resources

**Article 17**

The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: Emissions from the Company's activities that are not indirect emissions from energy sources, but are from sources owned or controlled by other companies

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

## **Chapter 4 Preserving Public Welfare**

### **Article 18**

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

### **Article 19**

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

### **Article 20**

The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

### **Article 21**

The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

### **Article 22**

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

### **Article 22-1**

The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

**Article 23**

The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

**Article 24**

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

**Article 25**

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

**Article 26**

The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, The Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When The Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

**Article 27**

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## **Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information**

### **Article 28**

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which The Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

### **Article 29**

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## **Chapter 6 Supplementary Provisions**

### **Article 30**

The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

### **Article 31**

The Principle shall come into effect upon approval by the Board and shall be reported to the Shareholders' Meeting.

The Principle was established on Mar. 22, 2022.

## **Independent Auditors' Report**

To Sea Sonic Electronics Co., Ltd.

### **Audit opinion**

We have audited the financial statements of Sea Sonic Electronics Co., Ltd., which comprise the Parent Company Only Balance Sheet as of Dec. 31, 2021 and Dec. 31, 2020, the Parent Company Only Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Parent Company Only Statement of Change in Equity, Parent company only Statement of Cash Flows, and Parent Company Only Financial Statement Notes (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the parent company only financial position of Sea Sonic Electronics Co., Ltd. as of Dec. 31, 2021 and Dec. 31, 2020 and of the financial performance, changes in equity and cash flows of Sea Sonic Electronics Co., Ltd. from January 1 to December 31, 2021 and 2020.

### **Basis for audit opinion**

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Sea Sonic Electronics Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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 matter**

The key audit matter is which that, in our professional judgment, is most significant to our review of the Parent Company Only Financial Statements of Sea Sonic Electronics Co., Ltd. for 2021. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually. The following is the description of the key audit matter in the Parent Company Only Financial Statements of Sea Sonic Electronics Co., Ltd. and for 2021:

#### **1. Sales revenue**

Refer to Note IV - 16 of the Parent Company Only Financial Statements for the accounting policy on revenue recognition and Note V - 2(1) and Note VI -19 for revenue-related disclosures.

#### **Description of critical audit issues**

Sales revenue is a key indicator used by investors and management to evaluate the financial or business performance of Sea Sonic Electronics Co., Ltd. Since the timing at which revenue is recognized and the correct amount is material to the financial statements, they are one of the most important matters that we, as certified public accountants (CPAs), consider when performing the audits of financial statements.

#### **Auditing procedures in response:**

Our principal audit procedures included testing the effectiveness of the design and implementation of internal control systems within the sales and collection cycle, reviewing significant contracts to assess the appropriateness of revenue recognition; examining the product categories of the top ten sales customers to assess the reasonableness of their sales revenue and accounts receivable turnover days and analyzing whether there were any significant customer changes from the most recent period and the same period last year; selecting a sample of sales transactions for the period before and after the shipment cut-off date and checking the relevant evidence to assess the correctness of the revenue recognition period and whether there were any unusual receipt vouchers, and understanding whether there were any significant returns or exchanges after the period.

## 2. Valuation of receivables

Refer to Note IV - 6 of the parent company only financial statements for the accounting policy on impairment of receivables and Note V - 2(2) and Note VI - 3&4 for disclosures related to impairment of receivables.

Description of key audit items:

Sea Sonic Electronics Co., Ltd. had net receivables of NT\$1,203,543,000 as of Dec. 31, 2021 (net of an allowance for losses of NT\$245,000). The impairment of receivables is based on management's subjective judgement and estimates involving assumptions about the risk of default on receivables and of the expected loss rate, and is therefore included as one of the key audit matters in our audit of the financial statements for the fiscal year.

Auditing procedures in response:

Our principal audit procedures included assessing the allowance for losses based on assumptions about default risk and expected loss rates; reviewing historical collection records, industry economic conditions and concentrations of credit risk for prior years to assess the appropriateness of estimates and assumptions for the current period; and evaluating the appropriateness of disclosures of relevant items in the financial statements.

## 3. Inventory valuation

Refer to Note IV - 7 of the parent company only financial statements for the accounting policy on inventories and Note V - 2(6) and Note VI -5 for disclosures related to inventories.

Description of key audit items:

Sea Sonic Electronics Co., Ltd. had net inventories of NT\$121,648,000 as of Dec. 31, 2021 (net of an allowance for inventory losses of NT\$1,717,000), which consisted mainly of inventories of switching power supplies. Due to the rapid evolutions of technology and advances in production techniques, existing products may become obsolete or may no longer meet market demand, and the sales demand and prices of related products may fluctuate dramatically. Since inventory valuation involves significant judgement and estimates, we have included it as one of the key audit items in our audit of the financial statements for the fiscal year.

Auditing procedures in response:

Our principal audit procedures included assessing the reasonableness of the accounting policies for inventory valuation; reviewing the inventory aging report, analyzing changes in inventory aging and assessing whether inventory valuation has been dealt with in accordance with accounting policies; understanding and assessing the reasonableness of the net realizable value basis used by management, and then selecting a sample to test the correctness of the amounts by checking the relevant certificates and assessing whether management's disclosures regarding inventory valuation are appropriate.

## **Responsibilities of management and directors for the parent company only financial statements**

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Sea Sonic Electronics Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sea Sonic Electronics

Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Sea Sonic Electronics Co., Ltd.

#### **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 GAAS 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 in the basis of these parent company only financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Sea Sonic Electronics Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Sea Sonic Electronics Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sea Sonic Electronics Co., Ltd. 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 relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the parent company only financial information of Sea Sonic Electronics Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sea Sonic Electronics Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related



protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Sea Sonic Electronics Co., Ltd. for the year ended December 31, 2021 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Crowe (TW) CPAs

CPA

LIN ZHI LONG

CPA

CHEN ZHAO HUI

Approval Number:

Jin-Guan-Zheng-Shen-Zi No. 10200032833

Jin-Guan-Zheng-Shen-Zi No. 1100145994

March 22, 2022

Sea Sonic Electronics Co., Ltd.  
Parent Company Only Balance Sheet  
As of Dec. 31, 2021 and Dec. 31, 2020

Unit: NT\$ thousands

Code	Assets	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI - 1)	\$ 939,731	27	\$ 1,083,363	31
1110	Financial assets measured at FVTPL - current (Note VI - 2)	465,719	13	194,850	6
1150	Net notes receivable (Note VI - 3)	24,246	1	9,631	-
1170	Net accounts receivable (Note VI - 4)	700,316	20	606,013	18
1180	Net accounts receivable - related parties (Note VI - 4, VII)	478,981	14	459,951	13
1200	Other receivables	8,171	-	46,609	1
1210	Other receivables - related parties (Note VII)	1,250	-	1,694	-
130x	Inventory (Note VI - 5)	121,648	3	154,202	5
1410	Prepayments	3,964	-	4,241	-
1476	Other financial assets - current (Note VI - 6)	9,630	-	-	-
1479	Other current assets	2,200	-	4,649	-
11xx	Total current assets	2,755,856	78	2,565,203	74
	Non-current assets				
1550	Investment accounted for using the equity method (Note VI - 7)	389,567	11	520,844	15
1600	Property, plant and equipment (Note VI - 8)	175,806	5	175,105	5
1755	Right-of-use assets (Note VI - 9)	2,842	-	4,392	-
1840	Deferred tax assets (Note VI - 25)	31,746	1	24,627	1
1915	Prepayment for equipment	7,558	-	3,132	-
1920	Refundable deposits	682	-	619	-
1975	Net defined benefit assets - non-current (Note VI - 14)	887	-	1,064	-
1980	Other financial assets - non-current (Note VI - 10)	182,957	5	164,919	5
1990	Other non-current assets	4,133	-	6,477	-
15xx	Total non-current assets	796,178	22	901,179	26
1xxx	Total assets	\$ 3,552,034	100	\$ 3,466,382	100

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Code	Liabilities and Equity	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note VI - 19)	\$ 5,857	-	\$ 32,588	1
2170	Accounts payable	6,755	-	95,319	3
2180	Accounts payable - related parties (Note VII)	17,895	1	856,069	24
2200	Other payables	97,068	3	133,347	4
2220	Other payables - related parties (Note VII)	119	-	76	-
2230	Current tax liabilities	158,979	4	97,434	3
2250	Provision for liabilities - current (Note VI - 11)	5,397	-	4,765	-
2280	Lease liabilities - current (Note VI - 9)	1,552	-	1,536	-
2300	Other current liabilities (Note VI - 12)	28,727	1	19,218	1
21xx	Total current liabilities	322,349	9	1,240,352	36
	Non-current liabilities				
2530	Bonds payable (Note VI - 13)	579,798	16	-	-
2570	Deferred tax liabilities (Note VI - 25)	62,113	2	79,933	2
2580	Lease liabilities - non-current (Note VI - 9)	1,306	-	2,858	-
2645	Deposits received	33	-	36	-
2650	Credit balance of investments accounted for using the equity method (Note VI - 7)	3,545	-	-	-
25xx	Total non-current liabilities	646,795	18	82,827	2
2xxx	Total liabilities	969,144	27	1,323,179	38
	Equity				
3100	Share capital (Note VI - 15)				
3110	Common shares	799,532	23	799,532	23
3200	Additional paid-in capital (Note VI - 16)				
3280	Additional paid-in capital - other	95,714	3	-	-
	Retained earnings (Note VI - 17)				
3310	Legal reserve	568,355	16	507,181	15
3320	Special reserve	19,139	1	19,774	1
3350	Unappropriated retained earnings	1,127,670	31	835,855	24
3300	Total retained earnings	1,715,164	48	1,362,810	40
3400	Other equity (Note VI - 18)				
3410	Exchange differences on translation of foreign financial statements	( 27,520)	( 1)	( 19,139)	( 1)
3xxx	Total equity	2,582,890	73	2,143,203	62
	Total liabilities and equity	\$ 3,552,034	100	\$ 3,466,382	100

The notes to the parent company only financial statements are part of the parent company only financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Code	Item	2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note VI - 19)	\$ 4,815,638	100	\$ 3,607,682	100
5000	Operating costs (Note VI - 5)	( 3,526,802)	( 73)	( 2,752,703)	( 77)
5900	Gross operating profit (loss)	1,288,836	27	854,979	23
5910	Unrealized profit (loss) from sales	( 129,010)	( 3)	( 85,972)	( 2)
5920	Realized profit (loss) from sales	85,972	2	55,255	2
5950	Gross operating profit (loss)	1,245,798	26	824,262	23
	Operating expenses				
6100	Marketing expenses	( 83,868)	( 2)	( 57,382)	( 2)
6200	Management expenses	( 85,684)	( 2)	( 81,726)	( 2)
6300	R&D expenses	( 79,180)	( 1)	( 66,857)	( 2)
6450	Expected credit losses	161	-	( 7)	-
6000	Total operating expenses	( 248,571)	( 5)	( 205,972)	( 6)
6900	Operating profit (loss)	997,227	21	618,290	17
	Non-operating income and expenses				
7100	Interest income (Note VI - 20)	4,017	-	4,961	-
7010	Other income (Note VI - 21)	10,679	-	7,702	-
7020	Other profits and losses (Note VI - 22)	( 57,808)	( 1)	( 94,485)	( 3)
7050	Financial costs (Note VI - 24)	( 2,512)	-	( 34)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	1,158	-	203,557	6
7000	Total non-operating income and expenses	( 44,466)	( 1)	121,701	3
7900	Net profit before tax	952,761	20	739,991	20
7950	Income tax expense (Note VI - 25)	( 199,932)	( 4)	( 128,859)	( 3)
8200	Net income in the term	752,829	16	611,132	17
	Other comprehensive income (Note VI - 26)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plan	( 344)	-	761	-
8349	Income tax related to the items which were not reclassified	68	-	( 152)	-
		( 276)	-	609	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 10,476)	-	794	-
8399	Income tax related to the items that may be reclassified	2,095	-	( 159)	-
		( 8,381)	-	635	-
8300	Other comprehensive income (net)	( 8,657)	-	1,244	-
8500	Total comprehensive income in the term	\$ 744,172	16	\$ 612,376	17
	Earnings per share				
9750	Basic earnings per share (Note VI - 27)	\$ 9.42		\$ 7.64	
9850	Diluted earnings per share (Note VI - 27)	\$ 8.70		\$ 7.61	

The notes to the parent company only financial statements are part of the parent company only financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statement of Changes in Equity

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Item	Common shares	Additional paid-in capital	Retained earnings			Other equity items	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	
Balance as of Jan. 1, 2020	\$ 799,532	\$ -	\$ 477,630	\$ 13,358	\$ 459,964	(\$ 19,774)	\$ 1,730,710
Appropriation and distribution of earnings							
Provision of legal reserve	-	-	29,551	-	( 29,551)	-	-
Provision of special reserve	-	-	-	6,416	( 6,416)	-	-
Cash dividends on common stock	-	-	-	-	( 199,883)	-	( 199,883)
Net income for 2020	-	-	-	-	611,132	-	611,132
Other comprehensive income, 2020	-	-	-	-	609	635	1,244
Total comprehensive income, 2020	-	-	-	-	611,741	635	612,376
Balance as of Dec. 31, 2020	799,532	-	507,181	19,774	835,855	( 19,139)	2,143,203
Appropriation and distribution of earnings							
Provision of legal reserve	-	-	61,174	-	( 61,174)	-	-
Reversal of special reserve	-	-	-	( 635)	635	-	-
Cash dividends on common stock	-	-	-	-	( 399,766)	-	( 399,766)
Equity recognized because of the issuance of convertible bonds	-	95,713	-	-	-	-	95,713
Item generated from stock options	-	-	-	-	-	-	-
Other changes in additional paid-in capital	-	1	-	-	-	-	1
Net income for 2021	-	-	-	-	752,829	-	752,829
Other comprehensive income, 2021	-	-	-	-	( 276)	( 8,381)	( 8,657)
Total comprehensive income, 2021	-	-	-	-	752,553	( 8,381)	744,172
Change in the ownership of subsidiaries	-	-	-	-	( 433)	-	( 433)
Balance as of Dec. 31, 2021	\$ 799,532	\$ 95,714	\$ 568,355	\$ 19,139	\$ 1,127,670	(\$ 27,520)	\$ 2,582,890

The notes to the parent company only financial statements are part of the parent company only financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statement of Cash Flows

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Item	2021	2020
Cash flow from operating activities		
Net profit before tax in the term	\$ 952,761	\$ 739,991
Adjustments		
Income charges (credits)		
Depreciation expense	15,082	11,178
Amortization expense	3,828	1,230
Expected credit losses	( 161)	7
Net loss (income) of financial assets and liabilities measured at FVTPL	2,795	( 1,048)
Interest expense	2,512	34
Interest income	( 4,017)	( 4,961)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	( 1,158)	( 203,557)
Loss (income) on the disposal and scrapping of property, plant and equipment	32	-
Unrealized profit (loss) from sales	129,010	85,972
Realized profit (loss) from sales	( 85,972)	( 55,255)
Income on lease modifications	-	( 25)
Prepayment for equipment recognized as expense	308	-
Changes in assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	( 14,763)	35
Decrease (increase) in accounts receivable	( 93,994)	( 361,655)
Decrease (increase) in accounts receivable - related parties	( 19,030)	( 90,679)
Decrease (increase) in other receivables	38,630	( 42,194)
Decrease (increase) in other receivables - related parties	444	( 872)
Decrease (increase) in inventory	32,554	( 89,818)
Decrease (increase) in prepayments	277	( 1,266)
Decrease (increase) in other current assets	2,449	( 1,671)
Decrease (increase) in other operating assets	-	30
Net change in the liabilities related to operating activities		
Increase (decrease) in contract liabilities	( 26,731)	19,720
Increase (decrease) in accounts payable	( 88,564)	81,927
Increase (decrease) in accounts payable - related parties	( 838,174)	359,565
Increase (decrease) in other payables	( 27,537)	74,550
Increase (decrease) in other payables - related parties	43	76
Increase (decrease) in provision for liabilities	632	527
Increase (decrease) in other current liabilities	9,509	12,668
Increase (decrease) in net defined benefit assets	( 168)	( 2,058)
Cash inflow (outflow) from operating activities	( 9,403)	532,451
Interests received	3,826	4,563
Dividends received	90,577	201,921
Interests paid	( 36)	( 34)
Income tax returned (paid)	( 161,162)	( 40,724)
Net cash inflow (outflow) from operating activities	( 76,198)	698,177

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Cash flow from investing activities		
Acquisition of financial assets measured at FVTPL	( 375,948)	( 103,805)
Disposal of financial assets measured at FVTPL	103,603	116,901
Acquisition of investment accounted for using the equity method	( 8,544)	-
Disposal of investment accounted for using the equity method	-	10,220
Acquisition of property, plant and equipment	( 18,837)	( 16,096)
Disposal of property, plant and equipment	1,373	-
Increase in refundable deposits	( 63)	( 27)
Decrease in other financial assets	( 27,668)	( 164,919)
Increase in other non-current assets	( 1,484)	( 7,078)
Increase in prepayment for equipment	( 10,277)	( 5,136)
Net cash inflow (outflow) from investing activities	( 337,845)	( 169,940)
Cash flow from financing activities		
Issuance of corporate bonds	671,715	-
Decrease in deposits received	( 3)	( 15)
Repayment of lease principal	( 1,536)	( 1,019)
Issuance of cash dividends	( 399,766)	( 199,883)
Other financing activities	1	-
Net cash inflow (outflow) from financing activities	270,411	( 200,917)
Increase (decrease) in cash and cash equivalents in the term	( 143,632)	327,320
Beginning balance of cash and cash equivalents	1,083,363	756,043
Ending balance of cash and cash equivalents	\$ 939,731	\$ 1,083,363

The notes to the parent company only financial statements are part of the parent company only financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN-HAO

## **Independent Auditors' Report**

To Sea Sonic Electronics Co., Ltd.

### **Audit opinion**

We have audited the financial statements of Sea Sonic Electronics Co., Ltd. and its subsidiaries, which comprise the Consolidated Balance Sheet as of Dec. 31, 2021 and Dec. 31, 2020, the Consolidated Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Consolidated Financial Statement Notes (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of Sea Sonic Electronics Co., Ltd. and its subsidiaries as of Dec. 31, 2021 and Dec. 31, 2020 and of the financial performance, changes in equity and cash flows of Sea Sonic Electronics Co., Ltd. and its subsidiaries from January 1 to December 31, 2021 and 2020.

### **Basis for audit opinion**

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Sea Sonic Electronics Co., Ltd. and its subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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 matter**

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of Sea Sonic Electronics Co., Ltd. and its subsidiaries for 2021. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually. The following is the description of the key audit matter in the Consolidated Financial Statements of Sea Sonic Electronics Co., Ltd. and its subsidiaries for 2021:

#### **1. Sales revenue**

Refer to Note IV - 16 of the Consolidated Financial Statements for the accounting policy on revenue recognition and Note V - 2(1) and Note VI -19 for revenue-related disclosures.

#### **Description of critical audit issues**

Sales revenue is a key indicator used by investors and management to evaluate the financial or business performance of Sea Sonic Electronics Co., Ltd. and its subsidiaries. Since the timing at which revenue is recognized and the correct amount is material to the financial statements, they are one of the most important matters that we, as certified public accountants (CPAs), consider when performing the audits of financial statements.

#### **Auditing procedures in response:**

Our principal audit procedures included testing the effectiveness of the design and implementation of internal control systems within the sales and collection cycle, reviewing significant contracts to assess the appropriateness of revenue recognition; examining the product categories of the top ten sales customers to assess the reasonableness of their sales revenue and accounts receivable turnover days and analyzing whether there were any significant customer changes from the most recent period and the same period last year; selecting a sample of sales transactions for the period before and after the shipment cut-off date and checking the relevant evidence to assess the correctness of the revenue recognition period and whether there were any unusual receipt vouchers, and understanding whether there were any significant returns or exchanges after the period.



## 2. Valuation of receivables

Refer to Note IV - 7 of the consolidated financial statements for the accounting policy on impairment of receivables and Note V - 2(2) and Note VI - 3&4 for disclosures related to impairment of receivables.

Description of key audit items:

Sea Sonic Electronics Co., Ltd. and its subsidiaries had net receivables of NT\$848,615,000 as of Dec. 31, 2021 (net of an allowance for losses of NT\$245,000). The impairment of receivables is based on management's subjective judgement and estimates involving assumptions about the risk of default on receivables and of the expected loss rate, and is therefore included as one of the key audit matters in our audit of the financial statements for the fiscal year.

Auditing procedures in response:

Our principal audit procedures included assessing the allowance for losses based on assumptions about default risk and expected loss rates; reviewing historical collection records, industry economic conditions and concentrations of credit risk for prior years to assess the appropriateness of estimates and assumptions for the current period; and evaluating the appropriateness of disclosures of relevant items in the financial statements.

## 3. Inventory valuation

Refer to Note IV - 8 of the consolidated financial statements for the accounting policy on inventories and Note V - 2(6) and Note VI - 5 for disclosures related to inventories.

Description of key audit items:

Sea Sonic Electronics Co., Ltd. and its subsidiaries had net inventories of NT\$1,187,485,000 as of Dec. 31, 2021 (net of an allowance for inventory losses of NT\$31,963,000), which consisted mainly of inventories of switching power supplies. Due to the rapid evolutions of technology and advances in production techniques, existing products may become obsolete or may no longer meet market demand, and the sales demand and prices of related products may fluctuate dramatically. Since inventory valuation involves significant judgement and estimates, we have included it as one of the key audit items in our audit of the financial statements for the fiscal year.

Auditing procedures in response:

Our principal audit procedures included assessing the reasonableness of the accounting policies for inventory valuation; reviewing the inventory aging report, analyzing changes in inventory aging and assessing whether inventory valuation has been dealt with in accordance with accounting policies; understanding and assessing the reasonableness of the net realizable value basis used by management, and then selecting a sample to test the correctness of the amounts by checking the relevant certificates and assessing whether management's disclosures regarding inventory valuation are appropriate.

## Other matters

Sea Sonic Electronics Co., Ltd. has prepared its Parent Company Only Financial Statements for the years ended December 31, 2021 and 2020, and we have provided our unqualified opinion on those statements for reference.

## Responsibilities of management and directors for the consolidated financial statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Sea Sonic Electronics Co., Ltd. and its subsidiaries to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sea Sonic Electronics Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Sea Sonic Electronics Co., Ltd. and its subsidiaries.

#### **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 GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Sea Sonic Electronics Co., Ltd. and its subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Sea Sonic Electronics Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sea Sonic Electronics Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of Sea Sonic Electronics Co., Ltd. and its Subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sea Sonic Electronics Co., Ltd. and its subsidiaries.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of Sea Sonic

Electronics Co., Ltd. and its subsidiaries for the year ended December 31, 2021 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Crowe (TW) CPAs

CPA

LIN ZHI LONG

CPA

CHEN ZHAO HUI

Approval Number:

Jin-Guan-Zheng-Shen-Zi No. 10200032833

Jin-Guan-Zheng-Shen-Zi No. 1100145994

March 22, 2022

## Sea Sonic Electronics Co., Ltd. and Its Subsidiaries

## Consolidated Balance Sheet

As of Dec. 31, 2021 and Dec. 31, 2020

Unit: NT\$ thousands

Code	Assets	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI - 1)	\$ 1,084,421	25	\$ 1,319,024	33
1110	Financial assets measured at FVTPL - current (Note VI - 2)	468,227	11	194,850	5
1150	Net notes receivable (Note VI - 3)	24,246	1	9,631	-
1170	Net accounts receivable (Note VI - 4, VII)	824,369	19	816,766	20
1200	Other receivables	10,905	-	60,614	2
1220	Current income tax assets	16,465	-	-	-
130x	Inventory (Note VI - 5)	1,187,485	28	1,017,734	25
1410	Prepayments	142,721	4	101,135	3
1476	Other financial assets - current (Note VI - 6)	9,630	-	-	-
1479	Other current assets	7,189	-	9,838	-
11xx	Total current assets	3,775,658	88	3,529,592	88
	Non-current assets				
1600	Property, plant and equipment (Note VI - 7)	212,775	5	209,166	5
1755	Right-of-use assets (Note VI - 8)	50,719	1	61,212	2
1840	Deferred tax assets (Note VI - 25)	66,185	2	47,706	1
1915	Prepayment for equipment	7,558	-	3,167	-
1920	Refundable deposits	5,846	-	1,453	-
1975	Net defined benefit assets - non-current (Note VI - 14)	887	-	1,064	-
1980	Other financial assets - non-current (Note VI - 9)	182,957	4	164,919	4
1995	Other non-current assets	7,077	-	8,898	-
15xx	Total non-current assets	534,004	12	497,585	12
1xxx	Total assets	\$ 4,309,662	100	\$ 4,027,177	100

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Code	Liabilities and Equity	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note VI - 19)	\$ 48,588	1	\$ 42,599	1
2170	Accounts payable	614,681	14	1,358,263	34
2200	Other payables (Note VI - 10)	157,786	4	175,999	4
2230	Current tax liabilities	166,980	4	125,481	3
2250	Provision for liabilities - current (Note VI - 11)	7,774	-	6,832	-
2280	Lease liabilities - current (Note VI - 8)	12,440	-	11,408	-
2300	Other current liabilities (Note VI - 12)	35,221	1	31,148	1
21xx	Total current liabilities	1,043,470	24	1,751,730	43
	Non-current liabilities				
2530	Bonds payable (Note VI - 13)	579,798	14	-	-
2570	Deferred tax liabilities (Note VI - 25)	62,113	1	79,933	2
2580	Lease liabilities - non-current (Note VI - 8)	41,358	1	52,275	1
2645	Deposits received	33	-	36	-
25xx	Total non-current liabilities	683,302	16	132,244	3
2xxx	Total liabilities	1,726,772	40	1,883,974	46
	Equity				
	Equity attributable to owners of the parent				
3100	Share capital (Note VI - 15)				
3110	Common shares	799,532	19	799,532	20
3200	Additional paid-in capital (Note VI - 16)				
3280	Additional paid-in capital - other	95,714	2	-	-
	Retained earnings (Note VI - 17)				
3310	Legal reserve	568,355	13	507,181	13
3320	Special reserve	19,139	-	19,774	-
3350	Unappropriated retained earnings	1,127,670	27	835,855	21
3300	Total retained earnings	1,715,164	40	1,362,810	34
3400	Other equity (Note VI - 18)				
3410	Exchange differences on translation of foreign financial statements	( 27,520)	( 1)	( 19,139)	-
31xx	Total equity attributable to owners of the parent	2,582,890	60	2,143,203	54
3xxx	Total equity	2,582,890	60	2,143,203	54
	Total liabilities and equity	\$ 4,309,662	100	\$ 4,027,177	100

The notes to the consolidated financial statements are part of the consolidated financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN- HAO

Sea Sonic Electronics Co., Ltd. and Its Subsidiaries  
Consolidated Statement of Comprehensive Income  
From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Code	Item	2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note VI - 19)	\$ 5,017,499	100	\$ 3,891,875	100
5000	Operating costs (Note VI - 5)	( 3,525,854)	( 70)	( 2,658,241)	( 68)
5900	Gross operating profit (loss)	1,491,645	30	1,233,634	32
	Operating expenses				
6100	Marketing expenses	( 275,081)	( 5)	( 176,241)	( 4)
6200	Management expenses	( 121,876)	( 3)	( 111,914)	( 3)
6300	R&D expenses	( 79,179)	( 2)	( 66,856)	( 2)
6450	Expected credit losses	161	-	53	-
6000	Total operating expenses	( 475,975)	( 10)	( 354,958)	( 9)
6900	Operating profit (loss)	1,015,670	20	878,676	23
	Non-operating income and expenses				
7100	Interest income (Note VI - 20)	7,527	-	7,908	-
7010	Other income (Note VI - 21)	12,885	-	9,552	-
7020	Other profits and losses (Note VI - 22)	( 67,195)	( 1)	( 121,462)	( 3)
7050	Financial costs (Note VI - 24)	( 5,530)	-	( 3,454)	-
7000	Total non-operating income and expenses	( 52,313)	( 1)	( 107,456)	( 3)
7900	Net profit before tax	963,357	19	771,220	20
7950	Income tax expense (Note VI - 25)	( 210,528)	( 4)	( 160,088)	( 4)
8200	Net income in the term	752,829	15	611,132	16
	Other comprehensive income (Note VI - 26)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plan	( 344)	-	761	-
8349	Income tax related to the items which were not reclassified	68	-	( 152)	-
		( 276)	-	609	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 10,476)	-	794	-
8399	Income tax related to the items that may be reclassified	2,095	-	( 159)	-
		( 8,381)	-	635	-
8300	Other comprehensive income (net)	( 8,657)	-	1,244	-
8500	Total comprehensive income in the term	\$ 744,172	15	\$ 612,376	16
8600	Net income attributable to				
8610	Owners of the Company (net income/loss)	\$ 752,829		\$ 611,132	
8620	Non-controlling interests (net income/loss)	-		-	
		\$ 752,829		\$ 611,132	
8700	The total comprehensive income attributable to				
8710	Owners of the Company (comprehensive income)	\$ 744,172		\$ 612,376	
8720	Non-controlling interests (comprehensive income)	-		-	
		\$ 744,172		\$ 612,376	
	Earnings per share				
9750	Basic earnings per share (Note VI - 27)	\$ 9.42		\$ 7.64	
9850	Diluted earnings per share (Note VI - 27)	\$ 8.70		\$ 7.61	

The notes to the consolidated financial statements are part of the consolidated financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN- HAO

Sea Sonic Electronics Co., Ltd. and Its Subsidiaries  
Consolidated Statement of Changes in Equity  
From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Item	Equity attributable to owners of the parent							
	Retained earnings					Other equity items	Total equity attributable to owners of the parent	Total equity
	Common shares	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
Balance as of Jan. 1, 2020	\$ 799,532	\$ -	\$ 477,630	\$ 13,358	\$ 459,964	(\$ 19,774)	\$ 1,730,710	\$ 1,730,710
Appropriation and distribution of earnings								
Provision of legal reserve	-	-	29,551	-	( 29,551)	-	-	-
Provision of special reserve	-	-	-	6,416	( 6,416)	-	-	-
Cash dividends on common stock	-	-	-	-	( 199,883)	-	( 199,883)	( 199,883)
Net income for 2020	-	-	-	-	611,132	-	611,132	611,132
Other comprehensive income, 2020	-	-	-	-	609	635	1,244	1,244
Total comprehensive income, 2020	-	-	-	-	611,741	635	612,376	612,376
Balance as of Dec. 31, 2020	799,532	-	507,181	19,774	835,855	( 19,139)	2,143,203	2,143,203
Appropriation and distribution of earnings								
Provision of legal reserve	-	-	61,174	-	( 61,174)	-	-	-
Reversal of special reserve	-	-	-	( 635)	635	-	-	-
Cash dividends on common stock	-	-	-	-	( 399,766)	-	( 399,766)	( 399,766)
Equity recognized because of the issuance of convertible bonds	-	95,713	-	-	-	-	95,713	95,713
Item generated from stock options								
Other changes in additional paid-in capital	-	1	-	-	-	-	1	1
Net income for 2021	-	-	-	-	752,829	-	752,829	752,829
Other comprehensive income, 2021	-	-	-	-	( 276)	( 8,381)	( 8,657)	( 8,657)
Total comprehensive income, 2021	-	-	-	-	752,553	( 8,381)	744,172	744,172
Change in the ownership of subsidiaries	-	-	-	-	( 433)	-	( 433)	( 433)
Balance as of Dec. 31, 2021	\$ 799,532	\$ 95,714	\$ 568,355	\$ 19,139	\$ 1,127,670	(\$ 27,520)	\$ 2,582,890	\$ 2,582,890

The notes to the consolidated financial statements are part of the consolidated financial statements.

Chairperson : CHANG, HSIU-CHENG

Manager : CHANG, HSIU-CHENG

Accounting Manager : CHANG, EN- HAO

Sea Sonic Electronics Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Item	2021	2020
Cash flow from operating activities		
Net profit before tax in the term	\$ 963,357	\$ 771,220
Adjustments		
Income charges (credits)		
Depreciation expense	36,638	31,018
Amortization expense	4,456	2,533
Expected credit losses	( 161)	( 53)
Net loss (income) of financial assets and liabilities measured at FVTPL	2,789	1,640
Interest expense	4,984	2,873
Interest income	( 7,527)	( 7,908)
Loss (income) on the disposal and scrapping of property, plant and equipment	1,903	975
Property, plant and equipment recognized as expense	69	78
Income on lease modifications	-	( 36)
Income on rent concessions	-	( 514)
Prepayment for equipment recognized as expense	308	-
Changes in assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	( 14,763)	35
Decrease (increase) in accounts receivable	( 7,359)	( 433,354)
Decrease (increase) in accounts receivable - related parties	65	( 60)
Decrease (increase) in other receivables	49,900	( 55,036)
Decrease (increase) in other receivables - related parties	-	11
Decrease (increase) in inventory	( 168,866)	( 356,688)
Decrease (increase) in prepayments	( 41,586)	( 64,178)
Decrease (increase) in other current assets	2,649	710
Decrease (increase) in other operating assets	-	30
Net change in the liabilities related to operating activities		
Increase (decrease) in contract liabilities	5,989	26,483
Increase (decrease) in accounts payable	( 743,582)	773,429
Increase (decrease) in other payables	( 9,904)	67,607
Increase (decrease) in provision for liabilities	942	698
Increase (decrease) in other current liabilities	4,073	14,705
Increase (decrease) in net defined benefit assets	( 168)	( 2,058)
Cash inflow (outflow) from operating activities	84,206	774,160
Interests received	7,336	7,526
Interests paid	( 2,508)	( 2,873)
Income tax returned (paid)	( 219,014)	( 58,146)
Net cash inflow (outflow) from operating activities	( 129,980)	720,667

(Continued on the next page)



(Continued from the previous page)

Cash flow from investing activities

Acquisition of financial assets measured at FVTPL	(	378,449)	(	103,805)
Disposal of financial assets measured at FVTPL		102,660		229,957
Acquisition of property, plant and equipment	(	33,604)	(	20,206)
Disposal of property, plant and equipment		231		5
Decrease (increase) in refundable deposits	(	4,393)	(	134)
Decrease (increase) in other financial assets	(	27,668)	(	164,919)
Decrease (increase) in other non-current assets	(	2,660)	(	7,175)
Decrease (increase) in prepayment for equipment	(	10,277)	(	6,950)
Net cash inflow (outflow) from investing activities	(	354,160)	(	73,227)

Cash flow from financing activities

Issuance of corporate bonds		671,715		-
Increase (decrease) in deposits received	(	3)	(	15)
Repayment of lease principal	(	11,765)	(	9,994)
Issuance of cash dividends	(	399,766)	(	199,883)
Other financing activities		1		-
Net cash inflow (outflow) from financing activities		260,182	(	209,892)

Effect of the changes in exchange rate on cash and cash equivalents	(	10,645)		2,150
Increase (decrease) in cash and cash equivalents in the term	(	234,603)		439,698
Beginning balance of cash and cash equivalents		1,319,024		879,326
Ending balance of cash and cash equivalents	\$	1,084,421	\$	1,319,024

The notes to the consolidated financial statements are part of the consolidated financial statements.

Chairperson : CHANG HSIU-CHENG

Manager : CHANG HSIU-CHENG

Accounting Manager : CHANG EN-HAO

## Annex (12)

### SEA SONIC ELECTRONICS CO., LTD.

#### The Comparison Table of Procedures for Acquisition or Disposal of Assets

Amended on Jun.16, 2022

Contents after amendment		Contents before amendment		Description
Article 5	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</li> </ol> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry</u> associations to which they belong and with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of <u>the appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion,</li> </ol>	Article 5	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</li> </ol> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>verifying</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of <u>the Legitimacy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>legal</u> and</li> </ol>	Improve the quality of external expert opinions.

Contents after amendment		Contents before amendment		Description
	and that they have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations.		reasonable, and that they have complied with applicable laws and regulations.	
Article 9	<p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>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: <ol style="list-style-type: none"> <li>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> </li> <li>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, where 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.</li> </ol>	Article 9	<p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>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 <u>in accordance with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF):</u> <ol style="list-style-type: none"> <li>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> </li> <li>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, where the publicly</li> </ol>	Improve the quality of external expert opinions.

Contents after amendment		Contents before amendment		Description
			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.	
Article 10	As the Company acquires or disposes of securities, it shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Article 10	As the Company acquires or disposes of securities, it shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price <u>in accordance with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF)</u> . This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Improve the quality of external expert opinions.
Article 11	Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	Article 11	Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price <u>in accordance with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF)</u> .	Improve the quality of external expert opinions.
Article 15	(Omitted) <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders 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 public company and its parent company or subsidiaries.</u>	Article 15	(Omitted) New article.	Strengthened management of related party transactions.

Contents after amendment		Contents before amendment		Description
	<p><u>or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</u></p> <p><u>Items that have been approved by the shareholders meeting or board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.</u></p>			
Article 31	<p>(Omitted)</p> <p>6. Where an asset transaction other than any of those referred to in the preceding 5 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:</p> <p>A. Trading of domestic government bonds or <u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of any individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</li> <li>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</li> </ol> <p>"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.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public</p>	Article 31	<p>(Omitted)</p> <p>6. Where an asset transaction other than any of those referred to in the preceding 5 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:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of any individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</li> <li>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</li> </ol> <p>"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.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting</p>	Relaxation of information disclosure for certain transactions.

Contents after amendment		Contents before amendment		Description
	<p>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.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>As the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>When the Company acquires or disposes of assets that meet the criteria for announcing material information, the Company shall complete the announcement and transfer the material information to the information reporting website designated by the Financial Supervisory Commission before the market opening of the next day.</p>		<p>website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>As the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>When the Company acquires or disposes of assets that meet the criteria for announcing material information, the Company shall complete the announcement and transfer the material information to the information reporting website designated by the Financial Supervisory Commission before the market opening of the next day.</p>	
Article 35	<p>The Procedure shall come into effect upon approval by shareholders at a general meeting.</p> <p>The Procedure was established on Mar.28, 2002.</p> <p>The 1st amendment was made on Jun.24, 2003.</p> <p>The 2nd amendment was made on Jun.15, 2004.</p> <p>The 3rd amendment was made on Jun.14, 2005.</p> <p>The 4th amendment was made on Jun.15, 2007.</p> <p>The 5th amendment was made on Jun.18, 2012.</p> <p>The 6th amendment was made on Jun.17, 2014.</p> <p>The 7th amendment was made on Jun.29, 2016.</p> <p>The 8th amendment was made on Jun.20, 2017.</p> <p>The 9th amendment was made on Jun.14, 2019.</p> <p>The 10th amendment was made on Jun.12, 2020.</p> <p>The 11th amendment was made on Jul.13, 2021.</p> <p><u>The 12th amendment was made on Jun.16, 2022.</u></p>	Article 35	<p>The Procedure shall come into effect upon approval by shareholders at a general meeting.</p> <p>The Procedure was established on Mar.28, 2002.</p> <p>The 1st amendment was made on Jun.24, 2003.</p> <p>The 2nd amendment was made on Jun.15, 2004.</p> <p>The 3rd amendment was made on Jun.14, 2005.</p> <p>The 4th amendment was made on Jun.15, 2007.</p> <p>The 5th amendment was made on Jun.18, 2012.</p> <p>The 6th amendment was made on Jun.17, 2014.</p> <p>The 7th amendment was made on Jun.29, 2016.</p> <p>The 8th amendment was made on Jun.20, 2017.</p> <p>The 9th amendment was made on Jun.14, 2019.</p> <p>The 10th amendment was made on Jun.12, 2020.</p> <p>The 11th amendment was made on Jul.13, 2021.</p>	Add date of amendment

## Annex (13)

### SEA SONIC ELECTRONICS CO., LTD. The Comparison Table of ARTICLES OF INCORPORATION

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
Article 10	Shareholders meetings are of two kinds as regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors once a year within six months after the end of each fiscal year, of which the shareholders shall be informed 30 days prior to the date of meeting. Special meetings shall be convened whenever necessary according to relevant laws and regulations, of which the shareholders shall be informed 15 days prior to the date of meeting with information of date, venture, and cause of meeting. <u>Meetings of shareholders may be held by video conference or by other means announced by the competent central authority.</u>	Article 10	Shareholders meetings are of two kinds as regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors once a year within six months after the end of each fiscal year, of which the shareholders shall be informed 30 days prior to the date of meeting. Special meetings shall be convened whenever necessary according to relevant laws and regulations, of which the shareholders shall be informed 15 days prior to the date of meeting with information of date, venture, and cause of meeting.	To comply with the authorities' policy of promoting video shareholders' meetings and to provide shareholders with convenient channels to participate in shareholders' meetings in response to the needs of the digital age, hereby add Article 172-2 of the Company Law.
Chapter 4	Director and <u>Audit Committee</u>	Chapter 4	Director and <u>Supervisor</u>	Revised in line with the establishment of the Audit Committee.
Article 18	The Company may constitute several managerial officers <u>and several vice managers</u> , the approval on appointment, dismissal and remunerations shall comply with article 29 of Company Act.	Article 18	The Company may constitute <u>several managerial officers</u> , the approval on appointment, dismissal and remunerations shall comply with article 29 of Company Act.	Revised to take into account the company's operating conditions.
Article 20	As the Company's year-end closing, when allocating surplus profits after having paid all taxes and dues and covered the years' accumulated deficit, the Company shall first set aside not less than 2% of said profits for employee bonus and not more than 1.5% as director remuneration. Such remuneration may be paid in shares or in cash to employees of subordinate companies who satisfy the conditions laid down by the Board. The remuneration of the Directors in the preceding item shall be payable in cash only. The foregoing two items shall be resolved by the Board and reported to the shareholders' meeting.	Article 20	<u>After</u> the Company's year-end closing, when allocating surplus profits after having paid all taxes and dues and covered the years' accumulated deficit, the Company shall first set aside not less than 2% of said profits for employee bonus and not more than 1.5% as director remuneration. Such remuneration may be paid in shares or in cash to employees of subordinate companies who satisfy the conditions laid down by the Board. The remuneration of the Directors in the preceding item shall be payable in cash only. The foregoing two items shall be resolved by the Board and reported to the shareholders' meeting.	To be in line with the adjustment of the Company Law.
Article 23	The Articles of Incorporation hereof was set on Sep. 19, 1975. The 1 <sup>st</sup> amendment was completed on Feb. 20, 1982. The 2 <sup>nd</sup> amendment was completed on Mar. 5, 1985. The 3 <sup>rd</sup> amendment was completed on Dec. 19, 1986.	Article 23	The Articles of Incorporation hereof was set on Sep. 19, 1975. The 1 <sup>st</sup> amendment was completed on Feb. 20, 1982. The 2 <sup>nd</sup> amendment was completed on Mar. 5, 1985. The 3 <sup>rd</sup> amendment was completed on Dec. 19, 1986.	To specify the date of this amendment to the Articles of

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p>The 4<sup>th</sup> amendment was completed on May 16, 1988.</p> <p>The 5<sup>th</sup> amendment was completed on Nov. 11, 1990.</p> <p>The 6<sup>th</sup> amendment was completed on May 30, 1996.</p> <p>The 7<sup>th</sup> amendment was completed on Jun. 25, 1996.</p> <p>The 8<sup>th</sup> amendment was completed on Dec. 9, 1997.</p> <p>The 9<sup>th</sup> amendment was completed on Jun. 25, 1998.</p> <p>The 10<sup>th</sup> amendment was completed on Jun. 20, 1999.</p> <p>The 11<sup>th</sup> amendment was completed on Jun. 30, 2000.</p> <p>The 12<sup>th</sup> amendment was completed on Jun. 15, 2001.</p> <p>The 13<sup>th</sup> amendment was completed on Mar. 28, 2002.</p> <p>The 14<sup>th</sup> amendment was completed on Jun. 24, 2003.</p> <p>The 15<sup>th</sup> amendment was completed on Jun. 15, 2004.</p> <p>The 16<sup>th</sup> amendment was completed on Jun. 14, 2005.</p> <p>The 17<sup>th</sup> amendment was completed on Jun. 23, 2006.</p> <p>The 18<sup>th</sup> amendment was completed on Jun. 15, 2007.</p> <p>The 19<sup>th</sup> amendment was completed on Jun. 11, 2010.</p> <p>The 20<sup>th</sup> amendment was completed on Jun. 15, 2011.</p> <p>The 21<sup>th</sup> amendment was completed on Jun. 18, 2012.</p> <p>The 22<sup>th</sup> amendment was completed on Jun. 24, 2015.</p> <p>The 23<sup>th</sup> amendment was completed on Jun. 29, 2016.</p> <p>The 24<sup>th</sup> amendment was completed on Jun. 12, 2020.</p> <p>ndment was completed on Jun. 16, 2022.</p>		<p>The 4<sup>th</sup> amendment was completed on May 16, 1988.</p> <p>The 5<sup>th</sup> amendment was completed on Nov. 11, 1990.</p> <p>The 6<sup>th</sup> amendment was completed on May 30, 1996.</p> <p>The 7<sup>th</sup> amendment was completed on Jun. 25, 1996.</p> <p>The 8<sup>th</sup> amendment was completed on Dec. 9, 1997.</p> <p>The 9<sup>th</sup> amendment was completed on Jun. 25, 1998.</p> <p>The 10<sup>th</sup> amendment was completed on Jun. 20, 1999.</p> <p>The 11<sup>th</sup> amendment was completed on Jun. 30, 2000.</p> <p>The 12<sup>th</sup> amendment was completed on Jun. 15, 2001.</p> <p>The 13<sup>th</sup> amendment was completed on Mar. 28, 2002.</p> <p>The 14<sup>th</sup> amendment was completed on Jun. 24, 2003.</p> <p>The 15<sup>th</sup> amendment was completed on Jun. 15, 2004.</p> <p>The 16<sup>th</sup> amendment was completed on Jun. 14, 2005.</p> <p>The 17<sup>th</sup> amendment was completed on Jun. 23, 2006.</p> <p>The 18<sup>th</sup> amendment was completed on Jun. 15, 2007.</p> <p>The 19<sup>th</sup> amendment was completed on Jun. 11, 2010.</p> <p>The 20<sup>th</sup> amendment was completed on Jun. 15, 2011.</p> <p>The 21<sup>th</sup> amendment was completed on Jun. 18, 2012.</p> <p>The 22<sup>th</sup> amendment was completed on Jun. 24, 2015.</p> <p>The 23<sup>th</sup> amendment was completed on Jun. 29, 2016.</p> <p>The 24<sup>th</sup> amendment was completed on Jun. 12, 2020.</p>	Association.



## Annex (14)

SEA SONIC ELECTRONICS CO., LTD.

## The Comparison Table of Rules of Procedure for Shareholders Meetings

[illegible]

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	cannot be removed, and the date to which the <u>meeting is postponed or on which the meeting will resume. in the shareholders meeting notice</u> ; to convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.			
<u>Article 4</u> <u>Attendance</u> <u>Check-in</u>	<u>The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u> 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. However, the number of shares present shall not be counted twice if the vote is cast electronically and the shareholder attends the meeting in person <u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u> <u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u>	(2)	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. However, the number of shares present shall not be counted twice if the vote is cast electronically and the shareholder attends the meeting in person.	1.To amend the Article no. 2.To set out the matters to be attended and noted by the shareholders when reporting for the meeting. 3.To inform shareholders related notes when the shareholders' meeting is held by video.
<u>Article 5</u> <u>Proxy Form</u>	A shareholder of the Company who is unable to attend a general meeting in person may appoint a proxy to attend in accordance with the form of proxy issued by the Company. <u>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting.</u> <u>When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u> <u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u> <u>After a proxy form has been delivered to the Company, if the shareholder intends to attend</u>	(3)	A shareholder of the Company who is unable to attend a general meeting in person may appoint a proxy to attend in accordance with the form of proxy issued by the Company. <u>The number of proxies to be appointed by a corporate shareholder shall be limited to the number of directors proposed to be elected at the current general meeting.</u>	1.To amend the Article no. 2. To set out the matters to be noted in relation to the attendance of proxies by shareholders. 3. To comply with the requirements of the Proxy Form for the attendance of shareholders In the event of a virtual shareholders meeting. 4. To comply with the provisions of the Act in relation to the number of attendees when the government or a legal entity is a shareholder.

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p><u>the meeting on a virtual meeting platform, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p><u>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</u></p>			
<u>Article 6 Voting Rights</u>	<p><u>Attendance and voting at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>At a general meeting of the Company, shareholders may choose to exercise their voting rights by either electronic or on-site voting. If the aforementioned shareholders exercise their voting rights by electronic voting, they shall exercise their voting rights on the electronic voting platform designated by the Company in accordance with the provisions of the Company Act, the Securities Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies (hereinafter referred to as Regulations Governing the Administration of Shareholder Services of Public Companies).</p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u></p> <p>If the shareholder, as duly appointed a proxy, intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, votes cast at the meeting by the proxy shall prevail.</p>	<u>(3)</u>	<p>Attendance and voting at general meetings are based on shares.</p> <p>At meetings of the Company, shareholders may choose to exercise their voting rights by either electronic or on-site voting. If the aforementioned shareholders exercise their voting rights by electronic voting, they shall exercise their voting rights on the electronic voting platform designated by the Company in accordance with the provisions of the Company Act, the Securities Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies (hereinafter referred to as Regulations Governing the Administration of Shareholder Services of Public Companies).</p> <p>If the shareholder, as duly appointed a proxy, intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, votes cast at the meeting by the proxy shall prevail.</p>	<ol style="list-style-type: none"> <li>1. To amend the Article no.</li> <li>2. Calculation of the number of shares present at a shareholders' meeting convened by video.</li> <li>3. To amend the voting rights in the event that a shareholders' meeting is held by way of video.</li> </ol>
<u>Article 7 Audio Recording</u>	<p>The Company shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least one year. <u>The recorded materials of</u></p>	<u>2)</u>	<p>The Company shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting. The recorded materials of the</p>	<ol style="list-style-type: none"> <li>1. To amend the Article no.</li> <li>2. To set out the requirements for the recording of proceedings of general meetings.</li> </ol>

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p><u>the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u></p> <p>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</p>		<p>preceding paragraph shall be retained for at least one year.</p>	<p>3. To comply with the requirements for the audio and video recording of the proceedings of a general meeting in the event of a virtual shareholders meeting.</p>
<p><u>Article 8</u> <u>Call to Order</u></p>	<p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</p> <p>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, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 4.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p> <p>If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p>	<p>(8) (20)</p>	<p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements 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, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p> <p>If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new</p>	<p>1. To amend the Article no. 2. To specify the time of the forthcoming general meeting and the relevant provisions for the announcement of the meeting by the Chairman. 3. In the event of a virtual shareholders meeting, the Chairman shall announce the relevant provisions of the meeting.</p>

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
			chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.	
<u>Article 9</u> <u>Agenda</u> <u>Scheduling</u>	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. The chairman may adjourn the meeting if there is disorder or other circumstances that make it difficult for the meeting to proceed normally.</p> <p>After the meeting is adjourned, the shareholders are not allowed to elect another chairman for the meeting at the same place or another venue.</p>	<u>(9)</u>	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. The chairman may adjourn the meeting if there is disorder or other circumstances that make it difficult for the meeting to proceed normally.</p> <p>After the meeting is adjourned, the shareholders are not allowed to elect another chairman for the meeting at the same place or another venue.</p>	1. To amend the Article no.
<u>Article 10</u> <u>Shareholder</u> <u>Proposal</u>	<p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time</p>	<u>(9-1)</u>	<p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no</p>	1. To amend the Article no.



Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p>period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>		<p>proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
<u>Article 10</u> <u>Shareholder</u> <u>Speech</u>	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>If a shareholder restricts the authority of a proxy in a power of attorney or otherwise, the speech or vote of the proxy shall prevail, regardless of whether it is known to the Company.</p> <p>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.</p>	<p>(10)</p> <p>(11)</p> <p>(12)</p>	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.</p> <p>When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>If a shareholder restricts the authority of a proxy in a power of attorney or otherwise, the speech or vote of the proxy shall prevail, regardless of whether it is known to the Company.</p>	<p>1. To amend the Article no.</p> <p>2. To comply with the regulations on shareholders' questions and speeches in the event of a virtual shareholders meeting.</p> <p>3. To comply with the provisions of the Act regarding the number of attendees when the government or a legal entity is a shareholder.</p>

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p><u>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</u></p> <p>If a corporation is entrusted to attend a shareholders' meeting, it may appoint only one person to attend on its behalf.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 7 do not apply. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	(13)	<p>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.</p> <p><u>Where a corporation is appointed to attend a general meeting, it may appoint only one person to attend on its behalf.</u></p> <p>If a corporation is entrusted to attend a shareholders' meeting, it may appoint only one person to attend on its behalf.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	
Article 12 <u>Vote on the motion</u>	<p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting. If no objection is raised, the motion shall be deemed to be passed. If the chairman announces a vote by ballot, several motions may be voted simultaneously or separately.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>The result of the voting plus the electronic voting result shall be reported on the spot and recorded, and the counting personnel shall seal the voting ballots together with the electronic voting data with their signature or chop, and deliver them to the Company for retention.</p> <p>The aforementioned electronic voting results shall be verified by an organization that meets the requirements of Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies prior to the shareholders' meeting.</p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 4 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only</u></p>	(14)  (15)  (16) (17)	<p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting. If no objection is raised, the motion shall be deemed to be passed. If the chairman announces a vote by ballot, several motions may be voted simultaneously or separately.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>The result of the voting plus the electronic voting result shall be reported on the spot and recorded, and the counting personnel shall seal the voting ballots together with the electronic voting data with their signature or chop, and deliver them to the Company for retention.</p> <p>The aforementioned electronic voting results shall be verified by an organization that meets the requirements of Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies prior to the shareholders' meeting.</p>	<p>1. To amend the Article no.</p> <p>2. To comply with the provisions relating to the right to vote in the event of a virtual shareholders meeting.</p>

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p><u>attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p> <p>When a meeting is in progress, the chair may announce a break based on time considerations.</p> <p>Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p>	(18)	<p>When a meeting is in progress, the chair may announce a break based on time considerations.</p> <p>Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p>	
<u>Article 13</u> <u>Minutes</u> <u>Production</u> <u>and</u> <u>Distribution</u>	<p><u>Matters relating to the resolutions of a shareholders 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. The meeting minutes may be produced and distributed in electronic form.</u></p> <p><u>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u></p> <p><u>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 deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.</u></p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described</u></p>			<ol style="list-style-type: none"> <li>1. New entry.</li> <li>2. To set out the preparation and distribution of resolutions of shareholders' meetings.</li> <li>3. In the event of a virtual shareholders meeting, the preparation of the resolutions of the shareholders' meetings shall be recorded in addition to the original requirements.</li> </ol>



Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<u>in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u>			
<u>Article 14</u> <u>Video</u> <u>Conference</u> <u>Information</u> <u>on</u> <u>Disclosure</u>	<u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u>			1. New entry. 2. To comply with the disclosure requirements for video conference information in the event of a virtual shareholders meeting.
<u>Article 15</u> <u>Location of</u> <u>the chairman</u> <u>and recorder</u> <u>of the</u> <u>shareholders'</u> <u>meeting in a</u> <u>Video</u> <u>Conference</u>	<u>When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u> <u>When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u> <u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u>			1. New entry. 2. The rules relating to the location of the chairman in the event of a virtual shareholders meeting and there is no physical location for the meeting. 3. The handling of force majeure-related disruptions to the Company's main meeting room system in the event of a virtual shareholders meeting.
<u>Article 16</u> <u>Other</u> <u>Provisions</u>	The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."	(6)  (19)	The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."	1.To amend the Article no.
<u>Article 17</u> <u>Implement</u>	These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. The Rules of Procedure was established on	(21)	These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.	1.To amend the Article no. 2.Date of amendment added.

Article no. after amendment	Contents after amendment	Article no. before amendment	Contents before amendment	Description
	<p>Mar. 28, 2002.</p> <p>The 1st amendment was made on Jun. 20, 2006.</p> <p>The 2nd amendment was made on Jun. 18, 2012.</p> <p>The 3rd amendment was made on Jun. 20, 2017.</p> <p>The 4th amendment was made on Jun. 12, 2020.</p> <p><u>The 5<sup>th</sup> amendment was made on Jun. 16, 2022.</u></p>		<p>The Rules of Procedure was established on Mar. 28, 2002.</p> <p>The 1st amendment was made on Jun. 20, 2006.</p> <p>The 2nd amendment was made on Jun. 18, 2012.</p> <p>The 3rd amendment was made on Jun. 20, 2017.</p> <p>The 4th amendment was made on Jun. 12, 2020.</p>	

## VII. Attachment

### Attachment (1)

SEA SONIC ELECTRONICS CO., LTD.

### Rules of Procedure for Shareholders Meetings

(1)

The Company's shareholders' meetings shall be conducted in accordance with these rules unless otherwise provided by law.

(2)

Attending shareholders may hand in a sign-in card in lieu of signing in. 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.

(3)

Voting at a shareholders meeting shall be calculated based the number of shares.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and by on-site voting.

If the aforementioned shareholders exercise their voting rights by electronic voting, they shall exercise their voting rights on the electronic voting platform designated by the Company in accordance with the provisions of the Company Act, the Securities Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies (hereinafter referred to as Regulations Governing the Administration of Shareholder Services of Public Companies).

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

The number of proxies appointed by the corporate shareholders shall be limited to the number of directors to be elected at the current shareholders' meeting.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

(4)

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

(5)

If a shareholders 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, the chairperson shall appoint one of the directors to act as chair.

Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

(6)

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

(7)

The Company shall make an uninterrupted audio and video recording of the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least one year.

(8)

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements 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, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution.

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

(9)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. The chairman may adjourn the

meeting if there is disorder or other circumstances that make it difficult for the meeting to proceed normally.

After the meeting is adjourned, the shareholders are not allowed to elect another chairman for the meeting at the same place or another venue.

(9-1)

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

(10)

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

If a shareholder restricts the authority of a proxy in a power of attorney or otherwise, the speech or vote of the proxy shall prevail, regardless of whether it is known to the Company.

(11)

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

(12)

If a corporation is entrusted to attend a shareholders' meeting, it may appoint only one person to attend on its behalf.

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

(13)

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

(14)

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting. If no objection is raised, the motion shall be deemed to be passed. If the chairman announces a vote by ballot, several motions may be voted simultaneously or separately.

(15)

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

The result of the voting plus the electronic voting result shall be reported on the spot and recorded, and the counting personnel shall seal the voting ballots together with the electronic voting data with their signature or chop, and deliver them to the Company for retention.

The aforementioned electronic voting results shall be verified by an organization that meets the requirements of Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies prior to the shareholders' meeting.

(16)

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

(17)

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

(18)

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

(19)

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

(20)

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

(21)

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall come into effect in the same manner.

The Rules of Procedure was established on Mar. 28, 2002.

The 1st amendment was made on Jun. 20, 2006.

The 2nd amendment was made on Jun. 18, 2012.

The 3rd amendment was made on Jun. 20, 2017.

The 4th amendment was made on Jun. 12, 2020.

## **Attachment (2)**

# **SEA SONIC ELECTRONICS CO., LTD. ARTICLES OF INCORPORATION**

### **Chapter 1. General Provisions**

#### **Article 1**

The Company is incorporated in accordance with the Company Act and shall have the name of SEA SONIC ELECTRONICS CO.,LTD.

#### **Article 2**

The Company operates the following Business Scope:

1. Manufacture and repair of radio sets, recorders, instruments, amplifiers and contract work related to abovementioned items.
2. Buying, selling, importing and exporting of the abovementioned equipment.
3. Sale and purchase of recorders, automatic controllers, cable machinery and equipment, and electro-educational equipment.
4. Import/export of abovementioned items and brokerage of quotations and tenders for domestic and overseas manufacturers.
5. Manufacture and processing of various electronic instruments and computer peripherals (except for the licensed industry), and the sale and purchase of related electronic parts.
6. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### **Article 2-1**

The Company may provide external endorsements for the purposes of its business.

#### **Article 3**

The Company is having its principal place of business in Taipei City, Taiwan, when necessary, it may establish branches at home and abroad upon approval of the resolution made by the Board of Directors.

#### **Article 4**

The Company's external investment for business purposes may exceed forty percent of the paid-in capital.

#### **Article 5**

Any and all public announcements to be made by the Company shall be published in accordance with article 28 of Company Act.

### **Chapter 2. Shares**

#### **Article 6**

The total amount of the Company's capital is set at NT\$1,500 million, divided into 150 million shares, at ten New Taiwan Dollars per share and Unissued shares are authorized to be issued by the Board of Directors in installment.

#### **Article 7**

The company adopts inscribed shares with signature or seals from director of the board and issued according to law. After public issuing, the company is exempt from printing of shares but should register with the share holding institution, the same applies for the issue of other valued assets. The issued shares should be registered in and kept in custody of Custodian Institute. Upon request from the custodian institute, the company can combine shares and issue larger face value

#### **Article 8**

The Company's share affairs are handled in accordance with the "Guidelines on Share Handling for Publicly Traded Companies" issued by the competent authorities.

#### **Article 9**

No transfer of share certificates shall be permitted within 60 days prior to a regular meeting of shareholders, 30 days prior to a special meeting of shareholders, or within 5 days prior to the date fixed for allocating dividends, bonuses or other benefits.

### **Chapter 3. Shareholders Meetings**

#### **Article 10**

Shareholders meetings are of two kinds as regular meetings and special meetings. Regular meetings shall be convened by the Board of Directors once a year within six months after the end of each fiscal year, of which the shareholders shall be informed 30 days prior to the date of meeting. Special meetings shall be convened whenever necessary according to relevant laws and regulations, of which the shareholders shall be informed 15 days prior to the date of meeting with information of date, venue, and cause of meeting.

#### **Article 10-1**

If a shareholders 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 chairperson shall

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

#### **Article 11**

A shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. Except as otherwise provided in the Company Law, the method of proxy attendance by shareholders shall be in accordance with the "Rules Governing the Use of Proxy Forms for Attending Shareholders' Meetings of Public Companies" issued by the competent authority.

#### **Article 12**

Each shareholder of the Company shall have one vote per share, subject to restrictions and to the provisions of the Companies Act. However, shares held by the Company itself in accordance with the Companies Act shall not be entitled to vote.

#### **Article 13**

Unless otherwise provided for in the Company Act and the Articles of Incorporation hereof, resolutions of a shareholders' meeting shall be adopted by majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

### **Chapter 4 Director and Supervisor**

#### **Article 14**

The Company shall constitute 7-9 directors whose term of office is three years. The directors are elected by the shareholders' meeting from among the members who are candidates in the nomination list with legal capacity, and are all eligible for re-election. The aggregate shareholding of all directors of the Company shall be in accordance with the regulations of the securities regulatory authorities.

The Company may take out liability insurance for the benefit of the Directors during their term of office in respect of liabilities to which they are legally liable in the performance of their business. The Board of Directors is authorised to exercise its full powers in relation to such insurance.

The remuneration of all Directors is delegated by the Board of Directors and is determined by the Board of Directors at its meetings in accordance with the usual standards of the industry of the same class.

#### **Article 14-1**

The number of independent directors shall not be less than 3 and not less than 1/5 of the total number of directorships of the Company. The method of nomination shall be in accordance with Article 192-1 of the Company Act. The professional qualifications, shareholdings, restrictions on concurrent employment, nomination and election of independent directors and other matters to be complied with shall be in accordance with the relevant regulations of the competent securities authorities.

#### **Article 15**

The Board of Directors shall be organized by the directors and shall be composed of two-thirds or more of the directors present, and a majority of the directors present shall agree to elect from among themselves a Chairperson, who shall represent the Company externally.

#### **Article 16**

If the chairperson or a director is absent from office or is unable to exercise his or her duties for any reason, his or her proxy shall be selected in accordance with the provisions of Article 208, Article 205, and Article 203-1 of the Company Act.

If the Board of Directors meets by video conference, directors who participate in the meeting via video conference shall be deemed to be present in person.

A meeting of the Board shall be convened quarterly and shall be notified to the directors 7 days in advance, stating the reasons for the convening; provided that in case of emergency, the Board may be convened at any time. Notice of a meeting of the Board may be given in writing, by facsimile or by e-mail.

#### **Article 17**

The Company shall establish an Audit Committee consisting of all independent directors. The number, term of office, terms of reference, and rules of procedure of the Audit Committee shall be governed by the relevant provisions of the Regulations Governing the Exercise of Powers and Functions by Audit Committees of Public Companies, and shall be governed by separate regulations governing the organization of the Audit Committee.

### **Chapter 5. Managerial Officers**

#### **Article 18**

The Company may constitute several managerial officers, the approval on appointment, dismissal and remunerations shall comply with article 29 of Company Act.

### **Chapter 6. Final Accounts**

#### **Article 19**

At the close of the fiscal year, the board of directors shall prepare the following statements and records and shall forward the same

to supervisors for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders and submit to the general meeting of shareholders for its ratification:

- 1.the business report;
- 2.the financial statements; and
- 3.the surplus earning distribution or loss off-setting proposals.

#### **Article 20**

After the Company's year-end closing, when allocating surplus profits after having paid all taxes and dues and covered the years' accumulated deficit, the Company shall first set aside not less than 2% of said profits for employee bonus and not more than 1.5% as director remuneration.

Such remuneration may be paid in shares or in cash to employees of subordinate companies who satisfy the conditions laid down by the Board. The remuneration of the Directors in the preceding item shall be payable in cash only.

The foregoing two items shall be resolved by the Board and reported to the shareholders' meeting.

#### **Article 21**

If the Company has a surplus in its annual accounts, it shall first pay tax to cover accumulated losses and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's paid-in capital; if there is any surplus in addition to the dividends, the shareholders shall agree to distribute dividends to the shareholders.

In view of the Company's operational needs and the maximization of shareholders' equity, the Company adopts a residual dividend policy for dividend distribution. Based on the Company's future capital budget planning, the Company will assess its capital requirements for the coming years and take into account factors such as profitability, financial structure and the degree of dilution of earnings per share to prepare an appropriate dividend distribution, in which cash dividends will be paid at a rate of not less than 30% (inclusive) and up to 100% of the total dividends for the year, and the actual rate of payment will be authorized by the Board of Directors.

### **Chapter 7. Endnote**

#### **Article 22**

Unspecified matters of the Articles of Incorporation hereto shall be handled in accordance with provisions of the Company Act and other decrees.

#### **Article 23**

The Articles of Incorporation hereof was set on Sep. 19, 1975.

The 1<sup>st</sup> amendment was completed on Feb. 20, 1982.

The 2<sup>nd</sup> amendment was completed on Mar. 5, 1985.

The 3<sup>rd</sup> amendment was completed on Dec. 19, 1986.

The 4<sup>th</sup> amendment was completed on May 16, 1988.

The 5<sup>th</sup> amendment was completed on Nov. 11, 1990.

The 6<sup>th</sup> amendment was completed on May 30, 1996.

The 7<sup>th</sup> amendment was completed on Jun. 25, 1996.

The 8<sup>th</sup> amendment was completed on Dec. 9, 1997.

The 9<sup>th</sup> amendment was completed on Jun. 25, 1998.

The 10<sup>th</sup> amendment was completed on Jun. 20, 1999.

The 11<sup>th</sup> amendment was completed on Jun. 30, 2000.

The 12<sup>th</sup> amendment was completed on Jun. 15, 2001.

The 13<sup>th</sup> amendment was completed on Mar. 28, 2002.

The 14<sup>th</sup> amendment was completed on Jun. 24, 2003.

The 15<sup>th</sup> amendment was completed on Jun. 15, 2004.

The 16<sup>th</sup> amendment was completed on Jun. 14, 2005.

The 17<sup>th</sup> amendment was completed on Jun. 23, 2006.

The 18<sup>th</sup> amendment was completed on Jun. 15, 2007.

The 19<sup>th</sup> amendment was completed on Jun. 11, 2010.

The 20<sup>th</sup> amendment was completed on Jun. 15, 2011.

The 21<sup>th</sup> amendment was completed on Jun. 18, 2012.

The 22<sup>th</sup> amendment was completed on Jun. 24, 2015.

The 23<sup>th</sup> amendment was completed on Jun. 29, 2016.

The 24<sup>th</sup> amendment was completed on Jun. 12, 2020.

SEA SONIC ELECTRONICS CO., LTD.

Chairperson: ZHANG, XIU-CHENG



## Attachment (3)

SEA SONIC ELECTRONICS CO., LTD.

# Procedures for the Acquisition or Disposal of Assets

## Chapter I General Principles

### Article 1 Purpose

The Procedure is established to enhance asset management, investment protection and information disclosure.

### Article 2 Legal Basis

The Procedure is adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by FSC. The Company shall handle the acquisition or disposal of assets in compliance with the Procedure.

### Article 3

The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
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

Terms used in these Regulations are defined as follows:

1. Derivatives: 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, index of prices or rates, credit rating or credit index, or other variable; 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) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the 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.

### Article 5

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the

self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

## **Chapter II Disposition Procedures**

### **Section I Establishment of Disposition Procedures**

#### **Article 6**

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 Audit Committee, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Audit Committee.

Where the position of independent director has been created in accordance with the provisions of the Security Transaction Act, 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 Security Transaction 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 and submitted to the board of directors for a resolution.

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" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

#### **Article 7**

The Company shall specify the following items in its procedures for the acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures:

- 1). Please refer to Article 3 of these Procedures for the definition of scope of assets.
- 2). Valuation procedures:
  - (I) Acquisition or disposal of securities
    1. The financial department shall evaluate the reasonableness of the transaction based on its professional consideration on net worth per share, profitability, future development potential, and market conditions.
    2. Price determination method
      - (1) The price of acquisition or disposal of securities traded in the centralized trading market or securities dealer's office shall be determined by the quoted or market price.
      - (2) For the acquisition or disposal of securities that are not traded on the central exchange market or on the business premises of a securities dealer, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price,
      - (3) When acquiring or disposing of bonds that are not traded on a centralized trading market or securities dealer's office, the price shall be determined after considering the prevailing market interest rate, the coupon rate of the bonds, and the debtor's creditworthiness.
  - (II) Acquisition or disposal of real estate and other fixed assets or right-to-use assets
    1. The end user or the responsible department shall submit a report to evaluate the necessity or reasonableness of the acquisition.
    2. Price determination method
      - (1) When acquiring or disposing of real estate or right-of-use assets, the asset management department shall refer to the announced present value, assessed value, actual transaction price of nearby real estate or appraisal report issued by a professional appraisal institution.
      - (2) The acquisition or disposal of other fixed assets or right-of-use assets shall be made by comparison, bargaining or tender.
  - (III) Acquisition or disposal of membership certificates or intangible assets
    1. The applicant shall submit a statement to the relevant department to assess its necessity or reasonableness.
    2. The price shall be determined by taking into account the possible future benefits of the asset, the fair market value, and, if necessary, by taking into account expert opinions and negotiating with the counterparty to the transaction.
  - (IV) For related party transactions, see Section 3 of the Procedure.
  - (V) Derivatives Tradings: See Section 4 of the Procedure.
  - (VI) Merger, demerger, acquisition or transfer of shares, see Section 5 of the Procedures.
- 3). Operating Procedures

(I) Authorisation limits and hierarchy

1. For the acquisition or disposal of securities, real estate and other fixed assets or right-to-use assets, the transaction amount of which is less than 40% of the paid-in capital of the Company or NT\$300 million (inclusive) shall be approved by the chairman of the board of directors after internal sign-off; if the transaction amount exceeds 40% of the paid-in capital or NT\$300 million, it shall be approved by the board of directors.
2. The acquisition or disposal of membership certificates with a transaction amount of less than NT\$ 3 million (inclusive) shall be approved by the Chairman of the Board of Directors upon approval by the Board of Director; if the transaction amount exceeds NT\$ 3 million, it shall be approved by the board of directors.
3. The acquisition or disposal of intangible assets with a transaction amount of less than NT\$ 20 million (inclusive) shall be approved by the Chairman of the Board of Directors and submitted to the most recent Board of Directors' meeting for approval, and the transaction amount exceeding NT\$ 20 million shall be approved by the Board of Directors' meeting.
4. The acquisition or disposition of derivatives shall be subject to the approval of the General Manager for contracts up to and including US\$100,000, the Chairman of the Board of Directors for contracts over US\$100,000 and up to US\$300,000, and the Chairman of the Board of Directors for contracts over US\$300,000 and up to US\$1,000,000, and the Board of Directors for contracts over US\$1,000,000. The accumulated net amount of position up to US\$300,000 (inclusive) shall be approved by the President, up to US\$1,000,000 (inclusive) shall be approved by the Chairman of the Board, up to US\$3,000,000 (inclusive) shall be approved by the Chairman of the Board and submitted to the most recent Board for ratification, and over US\$3,000,000 shall be approved by the Board.

(II) Executing departments

1. Long- and short-term investments in securities: Finance and accounting units.
  2. Real estate and other fixed assets: the department that uses them and the unit with relevant authority and responsibility.
  3. Membership certificates and intangible assets: The treasury, the management and the related units of authority and responsibility.
  4. Derivative products: The financial department.
  5. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares in accordance with the law: the financial department and department of authority and responsibility.
- 4). Procedures for announcement and reporting: Refer to Chapter 3 of the Procedures.
- 5). Limits on the acquisition of real estate not intended for business use and its right-to-use assets or marketable securities by the Company and its subsidiaries
- (I) The limits on the acquisition of real estate and its right-to-use assets or marketable securities not intended for business use are as follows:
1. The aggregate amount of purchases of non-operating real estate shall not exceed 20% of the Company's net worth based on most recent financial statements.
  2. The aggregate amount of investments in marketable securities shall not exceed 50% of the Company's net worth based on most recent financial statements.
  3. The amount of investment in individual securities shall not exceed 10% of the Company's net worth based on most recent financial statements.
- (II) The limits on the acquisition of real estate and its right-to-use assets or marketable securities not intended for business use by the Company's subsidiaries are as follows:
1. The total amount of real estate purchased for non-operating use shall not exceed 20% of the net value of the latest financial statements of each subsidiary.
  2. The total amount of investments in marketable securities shall not exceed 100% of the net value of the latest financial statements of each subsidiary.
  3. The amount of investment in individual securities shall not exceed 100% of the net value of the latest financial statements of each subsidiary.
- 6). The Company shall review the procedures for the acquisition or disposal of assets issued by its subsidiaries, and shall supervise and manage such procedures in accordance with the relevant regulations of the Company and the "Procedures for the Acquisition or Disposal of Assets" of its subsidiaries.
- 7). If the relevant personnel violate these procedures and the relevant laws and regulations, they shall be subject to the Company's internal regulations.
- 8). Other Important Matters

In addition to the aforementioned provisions, the Company shall follow the provisions of Articles 3 to 5 of this Chapter for related party transactions, derivatives Tradings, mergers, demergers, acquisitions or share transfers. If the Company does not wish to engage in derivatives Tradings, it may exempted from formulating the procedures for engaging in derivatives Tradings after submitting a report to the Board of Directors for approval. If the Company wishes to engage in derivatives Tradings, it shall first comply with the provisions of the preceding Article and the preceding paragraph.

## Article 8

The Company shall obtain or dispose of assets in accordance with the prescribed procedures or other legal requirements with the approval of the Audit Committee and submit to the Board of Directors for resolution. If the Board of Directors' approval is required, the Company shall send the information on the dissenting opinions of the Directors to the Audit Committee. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Audit Committee.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is 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, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

## **Section II Acquisition or Disposal of Assets**

### **Article 9**

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 proceed to conduct related matters in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as ARDF) and 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, where 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.

### **Article 10**

As the Company acquires or disposes of securities, it shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

### **Article 11**

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant, complying with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation, prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

### **Article 12**

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, 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 13**

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.

## **Section III Related Party Transactions**

### **Article 14**

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent 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 in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

### **Article 15**

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and 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, except in 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, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 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 board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or 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 of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman 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 of directors meeting:

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

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, 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, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

#### **Article 16**

As the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "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.
2. 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 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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. A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

As 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 preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. 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.
3. The real property is acquired through 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.
4. The real property right-of-use assets for business use are acquired by the public 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.

#### **Article 17**

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the



following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. 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 3 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.
  2. Where a public company acquiring real property, 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 a 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; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

#### **Article 18**

Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Security Transaction 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 a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Security Transaction Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Independent directors of Audit Committee shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

As the company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in 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.

When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

### **Section IV Engaging in Derivatives Trading**

#### **Article 19**

Where the Company engages in derivatives trading, it shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

##### **I. Trading principles and strategies:**

##### **(1) Types of Derivatives Tradings**

The Company may engage in derivatives Tradings as defined in paragraph 1 of Article 4 of the Procedure.

##### **(2) Operating or hedging strategy**

Derivatives Tradings shall be entered into for the purpose of hedging risk. The commodities selected for trading shall be those that enable the Company to hedge the risks arising from its business operations, and the counterparties shall, as far as possible, be those banks with which the Company has business dealings in order to avoid credit risk.

##### **(3) Division of authority and responsibility**

1. Transaction execution department: Finance staff, or non-financial staff authorized by the Board of Directors to operate.

(1) Responsible for the formulation of strategies for the Company's foreign exchange operations.

(2) Responsible for capital deployment, collection of market information, judgment of trends and risks, familiarity with financial instruments, rules and regulations.

(3) After determining the foreign exchange position based on the company's own turnover and import and export volume, establish the necessary hedging limits to reduce the exposure of the foreign exchange position to risk.

(4) To carry out hedging transaction in accordance with duly authority and confirm the completion of the transaction with the counterparty.

2. Transaction Confirmation Department: Appointed by the responsible manager.

(1) Responsible for signing contracts with counterparties, opening accounts and safekeeping of contracts.

- (2) Reviewing the retention of transaction documents, various statements and documents issued by the trading department.
- (3) Provision of all transaction documents and certificates.
- 3. Settlement and control department: Finance staff
  - (1) To carry out settlement operations in accordance with the figures confirmed by the transaction.
  - (2) The settlement officer should register the limit control form immediately after the transaction, and pay attention to whether the total amount of the transaction exceeds the prescribed limit and reconcile the amount with the correspondent bank on a regular basis.
  - (3) Prepare and announce monthly in accordance with the format prescribed by the Securities and Futures Bureau.
- 4. Registration and Settlement Unit: Accounting Department
  - (1) Record the details of transactions everyday and clearly distinguishes between hedging and transactional operations, and calculates the realized or potential future positions with reference to the information provided by the finance department, so as to accurately grasp the foreign exchange positions and exchange rate costs incurred by the Company and provide the finance department with a basis for risk management.
  - (2) For the Company's derivative operations, the Company shall provide data in accordance with the format prescribed by the Securities and Futures Bureau, together with the monthly operating format, to the finance department for announcement and reporting.
- (4) Performance evaluation requirements
  - 1. The transaction execution department shall use the estimated profit or loss as the basis for performance evaluation in accordance with the finalized financial statements and shall review the performance periodically.
  - 2. The trading personnel of the finance department shall compile statistics on the content and location of hedging transactions at the middle and end of each month, and prepare an evaluation report and a transaction limit control form on the market price assessment, profit and loss situation and future risks, location, market conditions and hedging strategies, etc. After being reviewed by the supervisor, the report shall be sent to the accounting department for verification, and then submitted to the supervisor together with the profit and loss statement, while financial transactions shall be evaluated on a weekly basis.
  - 3. The head of responsible department shall assess the appropriateness and compliance of the risk management procedures currently in use based on the relevant information submitted and the monthly audits by the Audit Department, and report and discuss the performance at the Board Meeting.
  - 4. The head of responsible department shall control the risk of derivatives Ttradings at all times and shall immediately convene the relevant department heads to discuss the response strategy and report to the Chairman of the Board when there is an abnormal market valuation report (e.g. when a position has exceeded the loss limit).
- (5) Total amount of contracts for derivatives Ttradings
 

The total amount of contracts for "non-trading" derivatives Ttradings shall not exceed the actual business needs of the Company, and the total amount of contracts for "trading" derivatives Ttradings shall be limited to 20% of the net worth of the Company.
- (6) Total and individual contract loss limits:
  - 1. The purpose of trading in "non-trading" derivatives is to hedge risks and should be tailored to the Company's actual needs. The maximum amount of loss on individual contracts shall not exceed 10% of the contract amount and the maximum amount of loss on all contracts shall not exceed 7% of the contract amount.
  - 2. After the establishment of a "trading" derivative contract, a stop-loss point shall be established to prevent excess losses, subject to a maximum of 3% of the contract amount; if the loss exceeds 3% of the contract amount, the loss shall be reported to the General Manager and the Board of Directors for consideration of necessary measures.
- II. Risk management measures
 

In accordance with the provisions of Article 20 of these Procedures.
- III. Internal audit system
 

In accordance with Article 22(2) of these Procedures.
- IV. Regular evaluation methods and handling of abnormal situations
 

In accordance with the performance evaluation principles in Article 19 of these Procedures.

## Article 20

The Company engages in derivatives Ttradings and shall adopt the following risk management measures:

- 1). Scope of risk management:
  - 1. Credit risk: The trading counterparties shall be limited to internationally renowned banks with good credit standing.
  - 2. Market risk: The Company should assess the trend of market before trading, reviewing the profit and loss status of the trading position at any time through clear operational procedures.
  - 3. Liquidity risk: The trading banks must have adequate equipment, information and trading capabilities and be able to trade in any market.
  - 4. Operational risk: Trades must be adhered to related procedures in order to avoid operational risk.
  - 5. Legal risk: The documents signed with counterparties are based on contracts commonly used in the market,

- and any unique contracts must be reviewed by legal counsel.
6. Commodity risk: Internal trading staff and counterparty banks should have complete expertise in the financial instruments traded, and banks should be required to fully disclose the risks in order to avoid losses arising from the misuse of financial instruments.
  7. Cash settlement risk: In addition to adhering to the regulation of authorized amount limit, authorized traders should also pay attention to cash flow in order to ensure that sufficient cash is available at the time of settlement.
  - 2). Trading personnel engaged in derivative and personnel engaged in confirmation and delivery operations shall not hold each other's position concurrently.
  - 3). Risk measurement, supervision and control personnel shall be in separate departments from those in the preceding paragraph and shall report to the Board of Directors or to a senior officer who is not responsible for making decisions on transactions or positions.
  - 4). The positions held in derivatives Trading shall be evaluated at least once a week, except for hedging transactions for business purposes, which shall be evaluated at least twice a month and the evaluation report shall be sent to a senior officer authorized by the Board of Directors.
  - 5). Other important risk management measures.

#### **Article 21**

As the company engages in derivatives trading, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. 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.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. 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 board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

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.

#### **Article 22**

As the Company engages in derivatives trading, it shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

The internal audit personnel shall file the audit report together with the annual audit of internal audit operations to the competent authorities by the end of February of the following year, and shall report the improvement of irregularities by the end of May of the following year.

### **Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

#### **Article 23**

As the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to 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 company 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 company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

#### **Article 24**

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

Where the shareholders 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 shareholders 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 shareholders meeting.

#### **Article 25**



As the Company participates in a merger, demerger, or acquisition, all participating companies shall convene a board of directors meeting and shareholders 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. Companies participating in a transfer of shares shall call a 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.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. 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 company's shares prior to disclosure of the information.
2. 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 a board of directors meeting.
3. 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.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, 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 FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

#### **Article 26**

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 company related to the plan for merger, demerger, acquisition, or transfer of shares.

#### **Article 27**

Where the company participating in a merger, demerger, acquisition, or transfer of shares, it 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:

1. 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.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

#### **Article 28**

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, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. 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.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

#### **Article 29**

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, 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 company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

#### **Article 30**

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

### **Chapter III Public Disclosure of Information**

### Article 31

Under any of the following circumstances, a public company 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 any of the following criteria:
  - A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion 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 5 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.
  - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"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.

A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company 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.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

When the Company acquires or disposes of assets that meet the criteria for announcing material information, the Company shall complete the announcement and transfer the material information to the information reporting website designated by the Financial Supervisory Commission before the market opening of the next day.

### Article 32

Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

## Chapter IV Additional Provisions

### Article 33

Information required to be publicly announced and reported in accordance with the provisions of Chapter 3 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

**Article 34**

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

**Article 35**

The Procedure shall come into effect upon approval by shareholders at a general meeting.

The Procedure was established on Mar.28, 2002.

The 1st amendment was made on Jun.24, 2003.

The 2nd amendment was made on Jun.15, 2004.

The 3rd amendment was made on Jun.14, 2005.

The 4th amendment was made on Jun.15, 2007.

The 5th amendment was made on Jun.18, 2012.

The 6th amendment was made on Jun.17, 2014.

The 7th amendment was made on Jun.29, 2016.

The 8th amendment was made on Jun.20, 2017.

The 9th amendment was made on Jun.14, 2019.

The 10th amendment was made on Jun.12, 2020.

The 11th amendment was made on Jul.13, 2021.

**Attachment (4)****Shareholding Status of the Directors**

Apr.18, 2022

Title	Name	Date of Election (Taking Office)	Term	Shasres held by the person when he/she is selected		Shasres currently held by the person	
				Shares	Shareholding percentage	Shares	Shareholding percentage
Chairperson	ZHANG, XIU-CHENG	2020.06.12	3 years	3,721,732	4.65%	3,721,732	4.65%
Director	ZHANG, ZHENG-TSUNG	2020.06.12	3 years	21,069,968	26.35%	21,069,968	26.35%
Director	LEE, CHIN-CHAN	2020.06.12	3 years	27,300	0.03%	27,300	0.03%
Director	CHEN, CHAO-MING	2020.06.12	3 years	212	0.00%	212	0.00%
Director	HUANG, CHIN-HSIANG	2020.06.12	3 years	—	—	—	—
Director	KAO, CHI-TING	2020.06.12	3 years	—	—	—	—
Director	LIN, YAO-CHIN	2020.06.12	3 years	—	—	—	—

1. In accordance with Article 26 of the Securities and Exchange Act, the directors of the Company together shall hold at least 6,396,262 shares.

Note: The total number of shares held by all directors recorded in the shareholders' register as at the commencement date of the shareholders' meeting (April 18, 2022) was 24,819,212 shares, which complied with the requirements of Article 26 of the Securities Exchange Act.

Attachment (5)

**Effect of the proposed stock grants on the Company's performance and earnings per share:**

Unit: NT\$

Item		Year	2022 (estimated)
Paid-in capital in the beginning of the term			799,532,770
Dividend allotment for the year (Note 1)	Cash dividends per share (NT\$)		5.0
	Allotment of shares per share from capitalisation of surplus (shares)		-
	Capitalisation of capital reserves (shares) per share		-
Changes in performance	Operating Income		NA (Note 2)
	Operating profit increased (decreased) over the same period last year		
	Net income after tax		
	Increase (decrease) in net income after tax compared to the same period last year		
	Earnings per share (NT\$)		
	Year-on-year increase (decrease) in earnings per share		
	Average return on investment (inverse of average annual cost/benefit ratio)		
Proposed EPS	If all capitalisation of surplus is converted to cash dividends	Proposed earnings per share	
		Proposed average annual rate of return on investment	
	If capital reserve is not transferred to capital	Proposed earnings per share	
		Proposed average annual rate of return on investment	
	If no capital reserve is applied and the capital surplus is transferred to cash dividends	Proposed earnings per share	
		Proposed average annual rate of return on investment	

Note 1: The Company's estimated dividend distribution for 2022 is based on the distribution of earnings approved by the Board on March 22, 2022.

Note 2. The Company has not made any financial forecast for 2022 and therefore is not required to disclose the estimated operating results, earnings per share and proposed mandatory information for 2022.