

Stock Code : 2359

# **Solomon Technology Corporation**

**2023 Annual Shareholders' Meeting**

**Meeting Agenda (Translation)**

**June 9 , 2023 9:00AM**

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# **CH 1. Meeting Procedure**

**Announcing the total number of shares represented at the meeting: Call the meeting to order**

**Chairperson takes the chair and gives a speech**

**I. Management Presentation (Company Reports)**

**II. Matters to be Ratified**

**III. Extempore Motions**

**IV. Adjournment**

## **CH 2. Meeting Agenda**

**Time: June 9, 2023 (Friday) 9 AM.**

**Manner of meeting: Physical annual general meeting.**

**Place: Meeting Room, 5F, No. 42, Xingzhong Rd., Neihu Dist., Taipei City.**

**Announcing the total number of shares represented at the meeting: Call the meeting to order.**

**Chairperson takes chairs and gives a speech.**

### **I. Management Presentation (Company Reports):**

- (I) The Company's 2022 business report.
- (II) Audit Committee's 2022 audit report.
- (III) Report on the distribution of remuneration to employees and to directors in 2022.
- (IV) Report on the distribution of shareholder bonuses in 2022.

### **II. Matters to be Ratified:**

- (I) The Company's 2022 business report and financial statements are hereby submitted for ratification.
- (II) The proposal for the distribution of earnings in 2022 is hereby submitted for ratification.

### **III. Extempore Motions.**

### **IV. Adjournment.**

# **I. Management Presentation (Company Reports)**

## **(I) The Company's 2022 business report.**

The Company's 2022 business report. (Please refer to Attachment 1 [p9-p12])

## **(II) Audit Committee's 2022 audit report.**

1. To proceed according to Articles 219 and 228 of the Company Act.
2. Audit Committee's 2022 audit report. (Please refer to Attachment 2 [p13])

## **(III) Report on the distribution of remuneration to employees and to directors and supervisors in 2022.**

1. To proceed according to the "Company Act" and Article 28 of the Articles of Incorporation.
2. The percentage and amount of remuneration to employees and to directors and supervisors in 2022 are as follows and the remuneration was distributed in cash:
  - (1) 1% for employee remuneration: NT\$5,600,786 in total
  - (2) 2% for remuneration to directors and supervisors: NT\$11,201,572 in total

## **(IV) Report on the distribution of shareholder bonuses in 2022.**

1. To proceed according to the "Company Act" and Article 28 of the Articles of Incorporation.
2. The Company's 2022 shareholder bonus determined by a resolution of the Board of Directors is reported as follows:
  - (1) The shareholder bonus for the first half of the year was NT\$0.
  - (2) The shareholder bonus for the second half of the year was NT\$257,206,578 and was distributed in cash, with NT\$1.5 per share.

## II. Matters to be Ratified

### **Motion No. 1**

**Proposed by the Board of Directors**

Summary: The Company's 2022 business report and financial statements are hereby submitted for ratification.

Description:

- I. To proceed according to Article 20 of the Company Act.
- II. The Company's 2022 financial statements (including the consolidated and parent-only financial statements) have been prepared by the Board of Directors, on which CPA Liang Yi-Chang and CPA Chen Hsien-Cheng of PricewaterhouseCoopers Taiwan have issued an independent auditor's report. The financial statements along with the business report have been submitted to and reviewed by the Audit Committee.
- III. For the aforementioned business report, independent auditor's audit report and financial statements, please refer to Attachments 1 [p9-p12] and 3 [p14-p37].
- IV. Please ratify.

Resolution:

**Motion No. 2****Proposed by the Board of Directors**

Summary: The proposal for the distribution of earnings in 2022 is hereby submitted for ratification.

## Description:

- I. To proceed according to Article 20 of the Company Act.
- II. The Company's distribution of earnings in 2022 is described as follows:
  - (I) The 2022 Statement of Earnings Distribution is attached below.
  - (II) The amount of the proposed cash dividend shall be calculated and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and transferred to the account of the Employee Welfare Committee.
  - (III) The "**ex-dividend date**" for the proposed cash dividend was set on June 16, **2023**.
  - (IV) Where a revision associated with this earning distribution is required prior to the ex-dividend date due to a change in the number of outstanding shares or other changes as a result of any legislation amendments, amendments approved by the competent authority, or circumstantial changes, the Chairman shall be authorized to handle the matter with full power at the annual general meeting.
- III. Please ratify.

## Resolution:

**SOLOMON Technology Corporation**  
**2022 Statement of Earnings Distribution**

Unit: NT\$

Item	Amount
Opening undistributed earnings	2,074,655,399
Plus (less): Remeasurement of defined benefit plans	3,943,112
Plus (less): Special reserves set aside	458,231,599
Plus: Net profit after tax in the current year	(46,217,471)
Less: 10% set aside as legal reserves	30,939,441
Distributable earnings	2,521,552,080
Distributable items:	
Shareholder bonus (a cash dividend of NT\$1.5 per share)	(257,206,578)
Closing undistributed earnings	2,264,345,502

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Note: The Ministry of Finance's Tai-Tsai-Shui Letter No. 871941343 dated 04.30.1998 specifies that separate recognition is required for earning distribution. Priority is given to the 2022 earnings for this earning distribution.



### **III. Extempore Motions.**

### **IV. Adjournment.**

## CH 3. Attachment

### Attachment 1

### SOLOMON Technology Corporation

#### 2022 Business Report

The consolidated operating income in 2022 amounted to NT\$5.25 billion. The profit after tax was NT\$458 million and the after-tax EPS was NT\$2.67. The Company's operating results in 2022 and the business plan for 2023 are hereby presented as follows:

#### I.2022 Business Report:

(I)2022 business plan implementation results and profitability analysis:

1. SOLOMON and subsidiaries (consolidated):

Unit: NT\$ Thousand

Item	2022		2021		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Operating income	5,249,928	100.00%	3,899,210	100.00%	1,350,718	34.64%
Gross operating profit	1,083,514	20.64%	793,962	20.36%	289,552	36.47%
Operating profit	264,528	5.04%	49,291	1.26%	215,237	436.67%
Pre-tax profit	655,837	12.49%	258,681	6.63%	397,156	153.53%
Net profit (loss) in the current period	475,943	9.07%	216,364	5.55%	259,579	119.97%
Net profit attributable to owners of the parent company	458,232	8.73%	198,514	5.09%	259,718	130.83%
Net profit attributable to non-controlling interests	17,711	0.34%	17,850	0.46%	(139)	-0.78%
Earnings per share (NT\$)	2.67		1.16		1.51	

2. SOLOMON (parent-only):

Unit: NT\$ Thousand

Item	2022		2021		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Operating income	3,157,169	100.00%	2,280,169	100.00%	877,000	38.46%
Gross operating profit	546,707	17.32%	425,854	18.68%	120,853	28.38%
Operating profit	98,955	3.13%	14,180	0.62%	84,775	597.85%
Pre-tax profit	543,276	17.21%	212,768	9.33%	330,508	155.34%
Net profit (loss) in the current period	458,232	14.51%	198,514	8.71%	259,718	130.83%
Earnings per share (NT\$)	2.67		1.16		1.51	

(II) Financial revenue and expenditure in 2022

Unit: NT\$ Thousand

Item	Consolidated		Parent-only	
	2022	2021	2022	2021
Net cash inflow (outflow) from operating activities	1,075,571	(281,712)	555,993	(65,502)
Net cash inflow (outflow) from investing activities	483,681	(386,656)	98,534	(629,907)
Net cash inflow (outflow) from financing activities	(501,855)	793,121	(501,639)	819,932
Effect of exchange rate	13,570	(28,468)	663	(911)
Increase (Decrease) in cash and cash equivalents in the current period	1,070,967	96,285	153,551	123,612

(III) R&D performance in 2022:

The Company continuously enhanced AI-integrated vision algorithms and focused on developing smart logistics, smart manufacturing and smart inspection solutions. Our main R&D results include the following:

No.	R&D results
1	AccuPick's smart conveyor belt tracking, automatic identification by object size and picking with multiple grippers
2	AccuPick's smart package picking and unstacking of various types of cartons
3	Integration of Solvision and AOI machines
4	Integration of Solvision and multiple cameras
5	Development of Solvision SDK
6	Development of META+AI systems
7	Development of the SOP smart identification system with META+AI
8	Solmotion's 3D positioning, deviation detection, arraying and path auto-generation
9	Enhancement of Solmotion's drilling, derusting, cleaning, tin soldering, engraving and cutting functions used in conjunction with laser engraving machines

(IV) Budget implementation:

Not applicable since SOLOMON did not make the financial forecast public in 2022.

## II. Overview of the 2023 Business Plan:

(I) Operating strategies and production and sales policies:

With energy equipment, smart industrial automation products, and AI&3D vision technology as operating pillars, Solomon Group offers a variety of professional services in the market. Plenty of successful production and sales experience gained over the years has firmed up the foundation of Solomon Group. In 2023, Solomon Group will keep increasing R&D capacity and putting more effort into business expansion. Important policies and implementation strategies are shown below:

1. Energy equipment business:

(1) Actively seeking business opportunities from Taipower and relevant power generators in response to the rising demand for power applications and the expansion

and reconstruction of green power plants, coal-fired power plants and natural gas power plants.

(2) Forming alliances with large enterprises related to environmental protection to identify and create application opportunities in the biogas market.

(3) Taking advantage of investment benefits from re-shoring by firms and seeking business opportunities for constructing/expanding high-tech plants.

(4) Integrating the Group's R&D and existing product advantages and actively searching for construction opportunities to undertake public construction, urban renewal and office projects.

(5) Continuously promoting existing products, developing energy storage equipment, battery management systems, battery energy storage systems and other new services, and offering customers comprehensive energy solutions.

## 2. Smart automation business:

(1) Capturing the demand for smart automation, including smart manufacturing transformation applications and foreign/Taiwanese firms' plant and production line expansion investments, and further expanding the Group's business in the automation equipment, AI & 3D vision, AMR and robotic arm application markets.

(2) Effectively integrating IT/OT market needs and fully accelerating enterprises' digital transformation.

(3) Integrating AR technology with AI-based real-time identification to create advanced smart applications that can accurately follow SOPs.

(4) Putting continuous effort in the R&D of AI & 3D vision integration technology and various product applications.

## (II) Anticipated sales volume and the basis:

For the smart automation business, the Group will be dedicated to the development of 3D vision and AI technology on an ongoing basis, assist in the introduction of smart automation solutions into industries and improve corporate competitiveness. In addition, we will continuously expand product R&D and application flexibility and look for more collaboration opportunities in the global market to actively promote the technological power of Taiwan. As for the energy business, since the methods of acquiring energy have changed as "net-zero emissions by 2050" has become a global development goal, green energy generation, power grid improvements and other auxiliary services are what the Group will focus on in the energy business in 2023.

## **III. Future Strategies for the Development of SOLOMON and the Impact of External Competitive, Legal and Overall Business Environments on SOLOMON:**

In the coming post-pandemic era, the benefits that were generated from order transfers due to the pandemic have been impacted as the global COVID-19 pandemic has cooled down gradually. In addition to the factor, inflation and raised interest rates have led to relatively weak global economic prospects, substantially affecting the global industrial supply chain. Therefore, understanding the current economic and trading situation and welcoming market opportunities are key to the adaptability of companies. In view of this, in 2023, we will not only keep optimizing the existing products and services that we sell as an agent, but also actively engage in technical R&D and develop private-label products to fully seize market opportunities.

For the energy business, in addition to continuous business expansion in the semiconductor industry, SOLOMON will concentrate on branching out into emerging industries, e.g., EV supply chains, reshoring investment and manufacturing, 5G, AI, and other energy-intensive industries, offering services with high quality on an ongoing basis, and meeting customers' new requirements for power and energy. With respect to the smart automation business, AI, machine learning, cloud and edge computing, IoT, algorithms, AR, VR and other leading-edge technologies have brought new momentum for an industrial revolution in response to Industry 4.0 initiatives. Moreover, the emergence of issues such as labor shortage in the face of the pandemic has forced enterprises to shift to smart automation development, making it one of the most competitive areas in the market. Thanks to SOLOMON's long-term dedication to the R&D of AI & 3D vision technology, our advanced technologies and professional integration solutions have successfully assisted in accelerating the promotion of digital applications in industries, thereby largely resolving their pain points. In the future, SOLOMON will continue the R&D of new application technologies, the development of new products, the recruitment of talent from all over the world and the integration of resources in industrial, government and academic sectors to address application pain points for customers and improve the brand value of SOLOMON.

**Attachment 2**

**SOLOMON Technology Corporation  
Audit Committee's 2022 Audit Report**

CPA Liang Yi-Chang and CPA Chen Hsien-Cheng of PricewaterhouseCoopers Taiwan commissioned by the Board of Directors have issued an independent auditor's report on the 2022 parent-only and consolidated financial statements prepared by the Board of Directors. The Audit Committee has audited the financial statements along with the 2022 business report and earning distribution proposal and found no misstatement. The report is hereby issued in accordance with the provisions of the Company Act and the Securities and Exchange Act.

Respectfully yours,

**SOLOMON's 2023 Annual General Meeting**

**Convener of the Audit Committee: Huang Ming-Yu**

March 16, 2023

Independent Auditors' Report

(2023) Letter Cai-Shen-Bao-Zi No. 22004862

To SOLOMON Technology Corporation:

**Audit Opinions**

We audited the consolidated balance sheets of SOLOMON Technology Corporation and its subsidiaries (hereinafter referred to as "Solomon Group") as of December 31, 2022 and 2021, and their consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2022 and 2021 and the notes to the consolidated financial statements (including the summary of material accounting policies).

In our opinion, based on our audit results and other independent auditors' reports (Please refer to Other Matters paragraphs), with respect to all material aspects, the foregoing consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation pronouncements endorsed, published and put in force by the Financial Supervisory Commission, and thus provided a fair presentation of the consolidated financial positions of Solomon Group on December 31, 2022 and 2021 and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

**Basis for Audit Opinions**

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under such standards are further described in the paragraph of Responsibilities of CPAs for the Audit of the Consolidated Financial Statements. As CPAs who are subject to independence requirements, we have, in accordance with the Standards of Professional Ethics for Certified Public Accountants of the Republic of China, remained independent from Solomon Group and fulfilled all other responsibilities under the requirements. According to our audit results and other independent auditors' reports, we believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Solomon Group for 2022. Such matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinions on these matters.



The key audit matters for Solomon Group's consolidated financial statements for 2022 are described as follows:

#### **Impairment Assessment of Accounts Receivable**

##### Matter description

Please refer to Notes 4 (9) and 4 (10) to the consolidated financial statements for the accounting policies for accounts receivable. Please refer to Note 5 (2) to the consolidated financial statements for the uncertainty of important judgments, accounting estimates and assumptions for the accounting policies adopted for the valuation of accounts receivable. Please refer to Note 6 (4) to the consolidated financial statements for the description of the accounts receivable account. Solomon Group's accounts receivable and loss allowance as of December 31, 2022, were NT\$767,678 thousand and NT\$14,900 thousand, respectively.

Solomon Group recognized payments receivable from customers for sale of goods in the ordinary course of business and collected the payments over the loan period set based on the individual customers' credit quality under the credit standard. The reasonableness of estimated losses was regularly reviewed by the companies. The loss allowance was based on the estimated irrecoverable amount of expected credit losses which involved the subjective judgment of the management. Therefore, we deem the assessment of loss allowance for accounts receivable to be one of the most important matters in our audit.

##### Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Reviewing and assessing the assumption factors for expected credit losses adopted by the companies; the process involved assessing the reasonableness of the determination of aging ranges. Randomly auditing source documents to check their accuracy based on the aging schedule and randomly auditing loan conditions to verify the reasonableness of the account receivable age. Conducting a review to see if there were uncovered accounts receivable that had not been settled for a long period of time in order to determine if the loss allowance for accounts receivable was sufficient.
2. Understanding the reason for failure to collect material accounts receivable after the normal loan period expired or reviewing the subsequent collection of the accounts receivable.

#### **Assessment of Allowance for Inventory Devaluation Losses**

##### Matter description

Please refer to Note 4 (13) to the consolidated financial statements for the accounting policies for inventory valuation. Please refer to Note 5 (2) to the consolidated financial statements for the uncertainty of important judgments, accounting estimates and assumptions for the accounting policies adopted for inventory valuation. Please refer to Note 6 (5) to the consolidated financial statements for the description of the inventory account. Solomon Group's inventory and allowance for devaluation losses as of December 31, 2022, were NT\$1,366,887 thousand and NT\$94,113 thousand, respectively.

Solomon Group is mainly engaged in the manufacturing and sale of generators, semiconductors, electronic parts and LCDs. As the life cycle of electronic products is short and



there is fierce competition in the market, there is a higher risk of inventory devaluation losses or obsolescence. Solomon Group's inventory was measured at the lower of cost or net realizable value. As the inventory amount was material with plenty of items and the accounting estimate relied on the subjective judgment of the management, we deem the valuation of allowance for inventory devaluation losses to be one of the most important matters in our audit.

#### Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Assessing the consistency of Solomon Group's adoption of policies for allowance for inventory devaluation losses throughout the comparative financial statement period according to our understanding of its business and the industry that it is in and performing an assessment to check the reasonableness of the assumptions for inventory classification made by the management to determine the net realizable value.
2. Understanding Solomon Group's inventory management procedure, reviewing its annual inventory plan, and participating in its annual inventory to assess the effectiveness of the management's separation and control of obsolete inventory.
3. Verifying the appropriateness of the logic of the inventory aging reporting system used by the management for valuation to make sure the information in the financial statements was consistent with Solomon Group's policies for allowance for inventory devaluation losses.
4. Testing the carrying value of inventory at the end of the period and conducting a random check to confirm the accuracy of the selling price and sales expense rate used to calculate the net realizable value.

#### **Other Matters – Reference to the Audits of Other CPAs**

The financial statements of some subsidiaries of Solomon Group included in its consolidated financial statements and of its investee companies accounted for using the equity method were audited by other CPAs instead of us. Therefore, our opinions expressed on the foregoing consolidated financial statements with respect to the amounts in the financial statements of such companies were based on the CPAs' reports. The subsidiaries' total assets on December 31, 2022 and 2021, were NT\$500,333 thousand and NT\$345,054 thousand, respectively, accounting for 5.92% and 4.38% of the total consolidated assets. Their operating income for the periods from January 1 to December 31, 2022 and 2021, was NT\$109,174 thousand and NT\$59,884 thousand, respectively, accounting for 2.08% and 1.54% of the consolidated net operating income. The balance of investments in the investee companies accounted for using the equity method on December 31, 2022 and 2021, amounted to NT\$64,872 thousand and NT\$14,781 thousand, respectively, accounting for 0.77% and 0.19% of the total consolidated assets. Their comprehensive income for the periods from January 1 to December 31, 2022 and 2021, amounted to NT\$4,265 thousand and NT\$1,745 thousand, respectively, accounting for 0.85% and 0.92% of the total consolidated comprehensive income.

#### **Other Matters – Parent-only Financial Statements**

SOLOMON Technology Corporation prepared its parent-only financial statements for 2022 and 2021. For the parent-only financial statements, we have issued an audit report with



an unqualified opinion and Other Matters paragraphs for reference.

### **Responsibilities of the Management and Governance Unit for the Consolidated Financial Statements**

The management was responsible for preparing the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation pronouncements endorsed, published and put in force by the Financial Supervisory Commission and maintaining necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatements due to fraud or error.

In preparing the consolidated financial statements, the management was also responsible for evaluating Solomon Group's going concern ability, disclosure of relevant matters and use of the going concern basis of accounting, unless the management intended to liquidate or cease the operation of Solomon Group, or there were no actual feasible solutions other than liquidation or cessation of operation.

The governance unit of Solomon Group was responsible for supervising the financial reporting process.

### **Responsibilities of CPAs for the Audit of the Consolidated Financial Statements**

The purpose of our audit of the consolidated financial statements was to obtain reasonable assurance about whether or not the consolidated financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there was no guarantee that any material misstatement contained in the consolidated financial statements could be discovered during the audit conducted in accordance with the auditing standards in the Republic of China. A misstatement may be due to fraud or error. A misstatement was deemed material if the individual or aggregate amount misstated was reasonably expected to affect the economic decisions made by the users of the consolidated financial statements.

We relied on our professional judgment and maintained our professional skepticism during the audit conducted pursuant to the auditing standards in the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of misstatements in the consolidated financial statements due to fraud or error; designing and implementing appropriate measures in response to the assessed risk; and acquiring sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error.
2. Acquiring necessary understanding of the internal control related to the audit to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express opinions regarding the effectiveness of the internal control of Solomon Group.



3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Drawing a conclusion about the appropriateness of the management's use of the going concern basis of accounting and whether there was material uncertainty in an event or circumstance which might cast a significant doubt about the ability of Solomon Group to remain as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or revise our audit opinions when any such disclosure was inappropriate. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where Solomon Group is no longer able to remain as a going concern.
5. Assessing the overall presentation, structure and contents of the consolidated financial statements (including relevant notes) and whether or not the consolidated financial statements provided a fair presentation of the relevant transactions and events.
6. Acquiring sufficient and appropriate audit evidence of the financial information of the entities forming Solomon Group to provide opinions regarding the consolidated financial statements. We are responsible for guidance, supervision and implementation in relation to Solomon Group's audit cases and for the formation of audit opinions for Solomon Group.

The matters for which we communicated with the governance unit include the planned scope and time of the audit and our material audit findings (including significant internal control deficiencies identified during the audit).

We also provided a declaration to the governance unit stating that as CPAs who are subject to independence requirements, we have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China. We also communicated with the governance unit regarding all relationships and other matters (including relevant safeguard measures) which were deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the consolidated financial statements of Solomon Group for 2022 were determined by us from the matters regarding which we communicated with the governance unit. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

PricewaterhouseCoopers Taiwan

Liang Yi-Chang

CPA

Chen Hsien-Cheng

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1070303009

Jin-Guan-Zheng-Shen-Zi No.

1060025060

March 17, 2023

SOLOMON Technology Corporation and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$ Thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 2,450,357	29	\$ 1,379,390	18
1110	Financial assets measured at fair value through profit or loss – current	6 (2)	237,933	3	350,215	4
1136	Financial assets measured at amortized cost – current	6 (3)	35,610	1	729,204	9
1150	Net notes receivable	6 (4)	93,369	1	59,553	1
1170	Net accounts receivable	6 (4)	752,778	9	740,323	9
1200	Other receivables		23,422	-	9,847	-
1220	Income tax assets in the current period		235	-	235	-
130X	Inventory	6 (5)	1,272,774	15	1,181,374	15
1410	Prepayments	6 (6)	520,941	6	518,738	7
1470	Other current assets	8	308	-	4,745	-
11XX	<b>Total current assets</b>		<b>5,387,727</b>	<b>64</b>	<b>4,973,624</b>	<b>63</b>
<b>Non-current assets</b>						
1510	Financial assets measured at fair value through profit or loss – non-current	6 (2)	93,523	1	92,089	1
1535	Financial assets measured at amortized cost – non-current	6 (3)	1,381,950	16	1,245,600	16
1550	Investments accounted for using the equity method	6 (7)	64,872	1	14,781	-
1600	Property, plant and equipment	6 (8) and 8	436,016	5	440,103	6
1755	Right-of-use assets	6 (9)	31,709	-	57,020	1
1760	Net investment property	6 (11) and 8	882,428	11	893,635	11
1780	Intangible assets		2,920	-	1,200	-
1840	Deferred income tax assets	6 (17)	14,046	-	39,976	-
1900	Other non-current assets	6 (12) and 8	155,772	2	127,954	2
15XX	<b>Total non-current assets</b>		<b>3,063,236</b>	<b>36</b>	<b>2,912,358</b>	<b>37</b>
1XXX	<b>Total assets</b>		<b>\$ 8,450,963</b>	<b>100</b>	<b>\$ 7,885,982</b>	<b>100</b>

(Continued to next page)



SOLOMON Technology Corporation and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$ Thousand

Liabilities and equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term loans	6 (13)	\$ 994,000	12	\$ 1,307,264	17
2120	Financial liabilities measured at fair value through profit or loss – current	6 (2)	-	-	1,555	-
2130	Contractual liabilities – current	6 (22)	1,150,020	14	722,153	9
2150	Notes payable		11,185	-	756	-
2170	Accounts payable		512,754	6	517,393	7
2200	Other payables	6 (14)	204,031	2	214,377	3
2230	Income tax liabilities in the current period	6 (17)	74,870	1	30,789	-
2250	Liability provisions – current	6 (15)	3,592	-	1,623	-
2280	Lease liabilities – current	6 (9)	28,688	-	35,230	-
2300	Other current liabilities		51,589	1	35,447	-
21XX	<b>Total current liabilities</b>		<b>3,030,729</b>	<b>36</b>	<b>2,866,587</b>	<b>36</b>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6 (17)	80,976	1	14,168	-
2580	Lease liabilities – non-current	6 (9)	2,758	-	22,515	1
2600	Other non-current liabilities		7,943	-	7,412	-
25XX	<b>Total non-current liabilities</b>		<b>91,677</b>	<b>1</b>	<b>44,095</b>	<b>1</b>
20XX	<b>Total liabilities</b>		<b>3,122,406</b>	<b>37</b>	<b>2,910,682</b>	<b>37</b>
<b>Share capital</b>						
3110	Common share capital	6 (18)	1,714,711	20	1,714,711	22
<b>Capital reserves</b>						
3200	Capital reserves	6 (19)	215,138	2	215,138	2
<b>Retained earnings</b>						
3310	Legal reserves	6 (20)	417,135	5	397,012	5
3320	Special reserves		147,260	2	133,468	2
3350	Undistributed earnings		2,536,828	30	2,262,892	29
<b>Other equity</b>						
3400	Other equity	6 (21)	( 116,320)	( 1)	( 147,260)	( 2)
3500	Treasury stocks	6 (18)	( 6,042)	-	( 6,042)	-
31XX	<b>Total equity attributable to owners of the parent company</b>		<b>4,908,710</b>	<b>58</b>	<b>4,569,919</b>	<b>58</b>
36XX	<b>Non-controlling interests</b>		<b>419,847</b>	<b>5</b>	<b>405,381</b>	<b>5</b>
30XX	<b>Total equity</b>		<b>5,328,557</b>	<b>63</b>	<b>4,975,300</b>	<b>63</b>
<b>Material contingent liabilities and unrecognized contractual commitments</b>						
<b>Material subsequent events</b>						
3X2X	<b>Total liabilities and equity</b>		<b>\$ 8,450,963</b>	<b>100</b>	<b>\$ 7,885,982</b>	<b>100</b>

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NTS Thousand  
(Earnings per share in NTS)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating income	6 (22)	\$ 5,249,928	100	\$ 3,899,210	100
5000 Operating costs	6 (5) (27) (28)	( 4,166,414)	( 79)	( 3,105,248)	( 80)
5950 Net gross operating profit		<u>1,083,514</u>	<u>21</u>	<u>793,962</u>	<u>20</u>
Operating expenses	6 (27) (28)				
6100 Marketing expense		( 343,415)	( 7)	( 333,669)	( 9)
6200 Management expense		( 360,311)	( 7)	( 322,455)	( 8)
6300 R&D expense		( 114,261)	( 2)	( 94,100)	( 2)
6450 Expected credit impairment (loss) gain	12 (2)	( 999)	-	5,553	-
6000 Total operating expenses		<u>( 818,986)</u>	<u>( 16)</u>	<u>( 744,671)</u>	<u>( 19)</u>
6900 Operating profit		<u>264,528</u>	<u>5</u>	<u>49,291</u>	<u>1</u>
Non-operating income and expenses					
7100 Interest income	6 (23)	133,435	2	88,526	2
7010 Other income	6 (24)	98,157	2	67,815	2
7020 Other profits and losses	6 (25)	172,384	3	61,818	2
7050 Financial costs	6 (26)	( 16,932)	-	( 10,514)	-
7060 Share of profits/losses of associates and joint ventures under the equity method	6 (7)	4,265	-	1,745	-
7000 Total non-operating income and expenses		<u>391,309</u>	<u>7</u>	<u>209,390</u>	<u>6</u>
7900 Pre-tax profit		<u>655,837</u>	<u>12</u>	<u>258,681</u>	<u>7</u>
7950 Income tax expense	6 (17)	( 179,894)	( 3)	( 42,317)	( 1)
8200 Net profit in the current period		<u>\$ 475,943</u>	<u>9</u>	<u>\$ 216,364</u>	<u>6</u>

(Continued to next page)

SOLOMON Technology Corporation and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand  
(Earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
<b>Other comprehensive income (net)</b>					
8311		\$ 6,760	-	\$ 3,510	-
8349	6 (17)	( 1,177)	-	( 611)	-
8310		<u>5,583</u>	-	<u>2,899</u>	-
<b>Items likely to be subsequently reclassified as profit or loss</b>					
8361		21,155	1	( 30,526)	( 1)
8360		<u>21,155</u>	<u>1</u>	<u>( 30,526)</u>	<u>( 1)</u>
8300		<u>\$ 26,738</u>	<u>1</u>	<u>(\$ 27,627)</u>	<u>( 1)</u>
8500		<u>\$ 502,681</u>	<u>10</u>	<u>\$ 188,737</u>	<u>5</u>
Net profit attributable to:					
8610		<u>\$ 458,232</u>	<u>9</u>	<u>\$ 198,514</u>	<u>6</u>
8620		<u>\$ 17,711</u>	<u>-</u>	<u>\$ 17,850</u>	<u>-</u>
Total comprehensive income attributable to:					
8710		<u>\$ 493,115</u>	<u>10</u>	<u>\$ 187,439</u>	<u>5</u>
8720		<u>\$ 9,566</u>	<u>-</u>	<u>\$ 1,298</u>	<u>-</u>
Basic earnings per share 6 (29)					
9750		<u>\$</u>	<u>2.67</u>	<u>\$</u>	<u>1.16</u>
Diluted earnings per share 6 (29)					
9850		<u>\$</u>	<u>2.67</u>	<u>\$</u>	<u>1.16</u>

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi



SOLOMON Technology Corporation and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NTS Thousand

	Note	Equity attributable to owners of the parent company							Non-controlling interests	Total equity	
		Common share capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Treasury stocks			Total
<u>Retained earnings</u>											
<b>2021</b>											
Balance on January 1, 2021		\$ 1,714,711	\$ 212,085	\$ 394,894	\$ 136,904	\$ 2,146,080	(\$ 133,469)	(\$ 6,042)	\$ 4,465,163	\$ 403,991	\$ 4,869,154
Net profit in the current period		-	-	-	-	198,514	-	-	198,514	17,850	216,364
Other comprehensive income in the current period	6 (21)	-	-	-	-	2,716	( 13,791)	-	( 11,075)	( 16,552)	( 27,627)
Total comprehensive income in the current period		-	-	-	-	201,230	( 13,791)	-	187,439	1,298	188,737
Allocation and distribution of earnings:	6 (20)										
Legal reserves		-	-	2,118	-	( 2,118)	-	-	-	-	-
Special reserves		-	-	-	( 3,436)	3,436	-	-	-	-	-
Cash dividends		-	-	-	-	( 85,736)	-	-	( 85,736)	-	( 85,736)
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	6 (19)	-	912	-	-	-	-	-	912	33	945
Changes in ownership interests in subsidiaries and associates		-	2,141	-	-	-	-	-	2,141	59	2,200
Balance on December 31, 2021		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919	\$ 405,381	\$ 4,975,300
<b>2022</b>											
Balance on January 1, 2022		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919	\$ 405,381	\$ 4,975,300
Net profit in the current period		-	-	-	-	458,232	-	-	458,232	17,711	475,943
Other comprehensive income in the current period	6 (21)	-	-	-	-	3,943	30,940	-	34,883	( 8,145)	26,738
Total comprehensive income in the current period		-	-	-	-	462,175	30,940	-	493,115	9,566	502,681
Allocation and distribution of earnings:	6 (20)										
Legal reserves		-	-	20,123	-	( 20,123)	-	-	-	-	-
Special reserves		-	-	-	13,792	( 13,792)	-	-	-	-	-
Cash dividends		-	-	-	-	( 154,324)	-	-	( 154,324)	-	( 154,324)
Non-controlling interests	6 (30)	-	-	-	-	-	-	-	-	4,900	4,900
Balance on December 31, 2022		\$ 1,714,711	\$ 215,138	\$ 417,135	\$ 147,260	\$ 2,536,828	(\$ 116,320)	(\$ 6,042)	\$ 4,908,710	\$ 419,847	\$ 5,328,557

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi



SOLOMON Technology Corporation and Subsidiaries  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Pre-tax profit in the current period		\$ 655,837	\$ 258,681
Adjustment items			
Profits and expenses having no effect on cash flows			
Depreciation expense (including investment property and right-of-use assets)	6 (8) (9) (11)	78,378	83,184
Amortization expense	6 (27)	3,397	3,636
Expected credit impairment loss (gain from recovery)	12 (2)	999	( 5,553 )
Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss	6 (2)(25)	112,420	( 96,979 )
Interest expense	6 (26)	16,932	10,514
Interest income	6 (23)	( 133,435 )	( 88,526 )
Dividend income	6 (24)	( 19,553 )	( 6,713 )
Share of profits of associates and joint ventures under the equity method	6 (7)	( 4,265 )	( 1,745 )
Loss (gain) from disposal of property, plant and equipment	6 (25)	2,427	( 3,190 )
Gain from disposal of investments accounted for using the equity method	6 (25)	( 1,256 )	-
Gain from disposal of investment property	6 (25)	-	( 32,860 )
Gain from recovery of impairment losses on investment property	6 (11) (25)	-	( 3,195 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets measured at fair value through profit or loss		( 15,007 )	( 207,180 )
Net notes receivable		( 33,816 )	4,544
Accounts receivable		( 13,454 )	( 105,814 )
Other receivables		( 9,284 )	10,040
Inventory		( 91,578 )	( 468,244 )
Prepayments		( 2,203 )	( 92,992 )
Other non-current assets		-	2,401
Net changes in liabilities related to operating activities			
Contractual liabilities		427,867	352,221
Notes payable		10,429	( 1,707 )
Accounts payable		( 4,639 )	11,856
Other payables		( 10,540 )	32,779
Liability provisions – current	6 (15)	1,969	770
Other current liabilities	6 (31)	16,142	14,652
Cash inflow (outflow) from operations		987,767	( 329,420 )
Interest received		129,144	85,218
Interest paid		( 16,738 )	( 10,070 )
Dividends received		19,553	6,713
Income tax paid		( 44,155 )	( 34,153 )
Net cash inflow (outflow) from operating activities		1,075,571	( 281,712 )

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SOLOMON Technology Corporation and Subsidiaries  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from investing activities</u>			
Decrease (Increase) in financial assets measured at amortized cost		\$ 557,244	(\$ 502,613)
Disposal of investments accounted for using the equity method		15,962	-
Acquisition of investments accounted for using the equity method		( 48,652)	-
Acquisition of property, plant and equipment	6 (8)	( 27,352)	( 22,007)
Disposal of property, plant and equipment		32	4,887
Acquisition of subsidiaries (after deduction of cash acquired)		14,995	-
Acquisition of intangible assets		( 3,440)	( 768)
Increase (Decrease) in other current assets		4,437	( 3)
Proceeds from disposal of investment property		-	133,848
Increase in other non-current assets		( 29,545)	-
Net cash inflow (outflow) from investing activities		<u>483,681</u>	<u>( 386,656)</u>
<u>Cash flows from financing activities</u>			
Repayment of short-term loans		( 1,444,825)	( 709,205)
Borrowing of short-term loans		1,131,561	1,619,092
Repayment of principal of lease liabilities	6 (31)	( 34,798)	( 33,897)
Distribution of cash dividends	6 (20)	( 154,324)	( 85,736)
Disposal of interests in subsidiaries	6 (30)	-	945
Cash capital increase by subsidiaries	6 (30)	-	2,200
Decrease (Increase) in other non-current liabilities		531	( 278)
Net cash inflow (outflow) from financing activities		<u>( 501,855)</u>	<u>793,121</u>
Effect of exchange rate		<u>13,570</u>	<u>( 28,468)</u>
Increase in cash and cash equivalents in the current period		1,070,967	96,285
Opening balance of cash and cash equivalents		1,379,390	1,283,105
Closing balance of cash and cash equivalents		<u>\$ 2,450,357</u>	<u>\$ 1,379,390</u>



To SOLOMON Technology Corporation:

### **Audit Opinions**

We audited the parent-only balance sheets of SOLOMON Technology Corporation as of December 31, 2022 and 2021, its parent-only statements of comprehensive income, parent-only statements of changes in equity and parent-only statements of cash flows for the periods from January 1 to December 31, 2022 and 2021 and the notes to the parent-only financial statements (including the summary of material accounting policies).

In our opinion, based on our audit results and other independent auditors' reports (Please refer to Other Matters paragraphs), with respect to all material aspects, the foregoing parent-only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and thus provided a fair presentation of the parent-only financial positions of SOLOMON Technology Corporation on December 31, 2022 and 2021 and the parent-only financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

### **Basis for Audit Opinions**

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under such standards are further described in the paragraph of "Responsibilities of CPAs for the Audit of Parent-only Financial Statements." As CPAs who are subject to independence requirements, we have, in accordance with the Standards of Professional Ethics for Certified Public Accountants of the Republic of China, remained independent from SOLOMON Technology Corporation and fulfilled all other responsibilities under the requirements. According to our audit results and other independent auditors' reports, we believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2022. Such matters were addressed in the context of our audit of the parent-only financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinions on these matters.



The key audit matters for SOLOMON Technology Corporation's parent-only financial statements for 2022 are described as follows:

### **Impairment Assessment of Accounts Receivable**

#### **Matter description**

Please refer to Notes 4 (8) and 4 (9) to the parent-only financial statements for the accounting policies for accounts receivable and impairments. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of important judgments, accounting estimates and assumptions for the accounting policies adopted for the valuation of accounts receivable. Please refer to Note 6 (4) to the parent-only financial statements for the description of the accounts receivable account. SOLOMON Technology Corporation's accounts receivable and loss allowance as of December 31, 2022, were NT\$241,856 thousand and NT\$1,191 thousand, respectively.

SOLOMON Technology Corporation collected payments over the loan period set based on the individual customers' credit quality under the credit standard and regularly reviewed the reasonableness of estimated losses. The loss allowance was based on the estimated irrecoverable amount of expected credit losses which involved the subjective judgment of the management. Therefore, we deem the assessment of loss allowance for accounts receivable to be one of the most important matters in our audit.

#### **Responsive audit procedures**

The responsive procedures that we implemented are listed as follows:

1. Reviewing and assessing the assumption factors for expected credit losses adopted by SOLOMON Technology Corporation; the process involved assessing the reasonableness of the determination of aging ranges. Randomly auditing source documents to check their accuracy based on the aging schedule and randomly auditing loan conditions to verify the reasonableness of the account receivable age. Conducting a review to see if there were uncovered accounts receivable that had not been settled for a long period of time in order to determine if the loss allowance for accounts receivable was sufficient.
2. Understanding the reason for failure to collect material accounts receivable after the normal loan period expired or reviewing the subsequent collection of the accounts receivable.

### **Assessment of Allowance for Inventory Devaluation Losses**

#### **Matter description**

Please refer to Note 4 (12) to the parent-only financial statements for the accounting policies for inventory valuation. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of important judgments, accounting estimates and assumptions for the accounting policies adopted for inventory valuation. Please refer to Note 6 (5) to the parent-only financial statements for the description of the inventory account. SOLOMON Technology Corporation's inventory and allowance for devaluation losses as of December 31, 2022, were NT\$807,973 thousand and NT\$19,671 thousand, respectively.

SOLOMON Technology Corporation is mainly engaged in the sale of generators,



automatic parts and components and LCDs. As the life cycle of electronic products is short and there is fierce competition in the market, there is a higher risk of inventory devaluation losses or obsolescence. SOLOMON Technology Corporation's inventory was measured at the lower of cost or net realizable value. As the inventory amount was material with plenty of items and the accounting estimate relied on the subjective judgment of the management, we deem the valuation of allowance for inventory devaluation losses to be one of the most important matters in our audit.

#### Responsive audit procedures

The responsive procedures that we implemented are listed as follows:

1. Assessing the consistency of SOLOMON Technology Corporation's adoption of policies for allowance for inventory devaluation losses throughout the comparative financial statement period according to our understanding of its business and the industry that it is in and performing an assessment to check the reasonableness of the net realizable value determined by the management.
2. Understanding SOLOMON Technology Corporation's inventory management procedure, reviewing its annual inventory plan and participating in its annual inventory to assess the effectiveness of the management's separation and control of obsolete inventory.
3. Verifying the appropriateness of the logic of the inventory aging reporting system used by the management for valuation to make sure the information in the financial statements was consistent with SOLOMON Technology Corporation's policies for allowance for inventory devaluation losses.
4. Testing the carrying value of inventory at the end of the period and conducting a random check to confirm the accuracy of the selling price and sales expense rate used to calculate the net realizable value and the correctness of the net realizable value.

#### **- Reference to the Audits of Other CPAs**

The financial statements of the investee companies accounted for using the equity method in the parent-only financial statements of SOLOMON Technology Corporation were audited by other CPAs instead of us. Therefore, our opinions expressed on the foregoing parent-only financial statements with respect to the amounts in the financial statements of such companies were based on the CPAs' reports. The investments in the aforesaid investee companies accounted for using the equity method as of December 31, 2022 and 2021, amounted to NT\$255,674 thousand and NT\$186,840 thousand, respectively, accounting for 3.78% and 2.91% of the total consolidated assets. The comprehensive income recognized with respect to the said companies for the periods from January 1 to December 31, 2022 and 2021, amounted to NT\$(42,235) thousand and NT\$(21,629) thousand, respectively, accounting for (8.56%) and (11.54%) of the total consolidated comprehensive income.

#### **Responsibilities of the Management and Governance Unit for the Parent-only Financial Statements**

The management was responsible for preparing the parent-only financial statements with



fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to preparation of the parent-only financial statements to ensure that the parent-only financial statements were free of material misstatements due to fraud or error.

In preparing the parent-only financial statements, the management was also responsible for evaluating SOLOMON Technology Corporation's going concern ability, disclosure of relevant matters and use of the going concern basis of accounting, unless the management intended to liquidate or cease the operations of SOLOMON Technology Corporation, or there were no other actual feasible solutions other than liquidation or cessation of operations.

The governance unit of SOLOMON Technology Corporation was responsible for supervising the financial reporting process.

### **Responsibilities of CPAs for the Audit of the Parent-only Financial Statements**

The purpose of our audit of the parent-only financial statements was to obtain reasonable assurance about whether or not the parent-only financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there was no guarantee that any material misstatement contained in the parent-only financial statements could be discovered during the audit conducted in accordance with the auditing standards in the Republic of China. A misstatement may be due to fraud or error. A misstatement was deemed material if the individual or aggregate amount misstated was reasonably expected to affect the economic decisions made by the users of the parent-only financial statements.

We relied on our professional judgment and maintained our professional skepticism during the audit conducted pursuant to the auditing standards in the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of misstatements in the parent-only financial statements due to fraud or error; designing and implementing appropriate measures in response to the assessed risk; and acquiring sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error.
2. Acquiring necessary understanding of the internal control related to the audit to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express opinions regarding the effectiveness of the internal control of SOLOMON Technology Corporation.
3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Drawing a conclusion about the appropriateness of the management's use of the going concern basis of accounting and whether or not there was material uncertainty in an event or



circumstance which might cast significant doubt about the ability of SOLOMON Technology Corporation to remain as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the parent-only financial statements to pay attention to the relevant disclosures therein or revise our audit opinions when any such disclosure was inappropriate. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where SOLOMON Technology Corporation is no longer able to remain as a going concern.

5. Assessing the overall presentation, structure and contents of the parent-only financial statements (including relevant notes) and whether or not the parent-only financial statements provided a fair presentation of the relevant transactions and events.
6. Acquiring sufficient and appropriate audit evidence of the financial information of the entities forming SOLOMON Technology Corporation to provide opinions regarding the parent-only financial statements. We are responsible for guidance, supervision and implementation in relation to SOLOMON Technology Corporation's audit cases and for the formation of audit opinions for the parent-only financial statements.

The matters for which we communicated with the governance unit include the planned scope and time of the audit and our material audit findings (including significant internal control deficiencies identified during the audit).

We also provided a declaration to the governance unit stating that as CPAs who are subject to independence requirements, we have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China. We also communicated with the governance unit regarding all relationships and other matters (including relevant safeguard measures) which were deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2022 were determined by us from the matters regarding which we communicated with the governance unit. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

PricewaterhouseCoopers Taiwan

CPA           Liang Yi-Chang  
                  Chen Hsien-Cheng

Financial Supervisory Commission  
Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1070303009  
Jin-Guan-Zheng-Shen-Zi No. 1060025060

March 17, 2023

SOLOMON Technology Corporation  
Parent-only Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$ Thousand

	Assets	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 575,243	9	\$ 421,692	7
1110	Financial assets measured at fair value through profit or loss – current	6 (2)	150,928	2	79,101	1
1136	Financial assets measured at amortized cost – current	6 (3)	-	-	110,720	2
1150	Net notes receivable	6 (4)	20,676	-	8,791	-
1170	Net accounts receivable	6 (4)	240,665	4	268,482	4
1180	Net accounts receivable – related party	7	5,013	-	2,123	-
1200	Other receivables		19,060	-	5,778	-
1210	Other receivables – related party	7	2,097	-	25,670	-
1220	Income tax assets in the current period		114	-	114	-
130X	Inventory	6 (5)	788,302	12	758,625	12
1410	Prepayments	6 (6)	144,534	2	148,504	2
11XX	<b>Total current assets</b>		<b>1,946,632</b>	<b>29</b>	<b>1,829,600</b>	<b>28</b>
<b>Non-current assets</b>						
1510	Financial assets measured at fair value through profit or loss – non-current	6 (2)	35,593	-	31,235	1
1535	Financial assets measured at amortized cost – non-current	6 (3)	1,074,850	16	968,800	15
1550	Investments accounted for using the equity method	6 (7)	2,360,782	35	2,230,218	35
1600	Property, plant and equipment	6 (8) and 8	410,736	6	416,811	6
1755	Right-of-use assets	6 (9)	5,741	-	4,482	-
1760	Net investment property	6 (11) and 8	861,835	13	873,043	14
1780	Intangible assets		2,920	-	1,150	-
1840	Deferred income tax assets	6 (16)	9,416	-	23,522	-
1900	Other non-current assets	6 (12)	54,201	1	49,851	1
15XX	<b>Total non-current assets</b>		<b>4,816,074</b>	<b>71</b>	<b>4,599,112</b>	<b>72</b>
1XXX	<b>Total assets</b>		<b>\$ 6,762,706</b>	<b>100</b>	<b>\$ 6,428,712</b>	<b>100</b>

(Continued to next page)



SOLOMON Technology Corporation  
Parent-only Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$ Thousand

	Liabilities and equity	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term loans	6 (13)	\$ 964,000	14	\$ 1,307,264	20
2130	Contractual liabilities – current	6 (21)	468,805	7	191,277	3
2150	Notes payable		11,185	-	756	-
2170	Accounts payable	7]	183,959	3	230,076	4
2200	Other payables	6 (14) and 7	87,442	1	73,867	1
2230	Income tax liabilities in the current period	6 (16)	3,774	-	3,400	-
2280	Lease liabilities – current	6 (9)	3,678	-	3,799	-
2300	Other current liabilities		41,755	1	27,083	1
21XX	<b>Total current liabilities</b>		<b>1,764,598</b>	<b>26</b>	<b>1,837,522</b>	<b>29</b>
	<b>Non-current liabilities</b>					
2570	Deferred income tax liabilities	6 (16)	79,278	1	12,998	-
2580	Lease liabilities – non-current	6 (9)	2,177	-	861	-
2600	Other non-current liabilities		7,943	-	7,412	-
25XX	<b>Total non-current liabilities</b>		<b>89,398</b>	<b>1</b>	<b>21,271</b>	<b>-</b>
20XX	<b>Total liabilities</b>		<b>1,853,996</b>	<b>27</b>	<b>1,858,793</b>	<b>29</b>
	<b>Equity</b>					
	Share capital	6 (17)				
3110	Common share capital		1,714,711	25	1,714,711	27
	Capital reserves	6 (18)				
3200	Capital reserves		215,138	4	215,138	3
	Retained earnings	6 (19)				
3310	Legal reserves		417,135	6	397,012	6
3320	Special reserves		147,260	2	133,468	2
3350	Undistributed earnings		2,536,828	38	2,262,892	35
	Other equity	6 (20)				
3400	Other equity		( 116,320)	( 2)	( 147,260)	( 2)
3500	Treasury stocks	6 (17)	( 6,042)	-	( 6,042)	-
30XX	<b>Total equity</b>		<b>4,908,710</b>	<b>73</b>	<b>4,569,919</b>	<b>71</b>
	Material contingencies and unrecognized contractual commitments	9				
	Material subsequent events	11				
3X2X	<b>Total liabilities and equity</b>		<b>\$ 6,762,706</b>	<b>100</b>	<b>\$ 6,428,712</b>	<b>100</b>

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation  
Parent-only Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand  
(Earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating income	6 (21) and 7	\$ 3,157,169	100	\$ 2,280,169	100
5000 Operating costs	6 (5) (26) (27)	( 2,610,462)	( 83)	( 1,854,315)	( 82)
5950 Net gross operating profit		546,707	17	425,854	18
Operating expenses	6 (26) (27) and 7				
6100 Marketing expense		( 257,593)	( 8)	( 265,498)	( 12)
6200 Management expense		( 97,002)	( 3)	( 78,002)	( 3)
6300 R&D expense		( 93,441)	( 3)	( 70,315)	( 3)
6450 Expected credit impairment gain	6 (4) and 12 (2)	284	-	2,141	-
6000 Total operating expenses		( 447,752)	( 14)	( 411,674)	( 18)
6900 Operating profit		98,955	3	14,180	-
Non-operating income and expenses					
7100 Interest income	6 (22)	88,968	3	64,857	3
7010 Other income	6 (23) and 7	79,448	3	63,481	3
7020 Other profits and losses	6 (24)	107,303	3	( 33,129)	( 2)
7050 Financial costs	6 (25)	( 16,046)	( 1)	( 9,759)	-
7070 Share of profits/losses of subsidiaries, associates and joint ventures under the equity method	6 (7)	184,648	6	113,138	5
7000 Total non-operating income and expenses		444,321	14	198,588	9
7900 Pre-tax profit		543,276	17	212,768	9
7950 Income tax expense	6 (16)	( 85,044)	( 2)	( 14,254)	-
8200 Net profit in the current period		\$ 458,232	15	\$ 198,514	9
Other comprehensive income (net)					
Items not reclassified as profit or loss					
8311 Remeasurement of defined benefit plan	6 (15)	\$ 3,829	-	\$ 2,482	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method – items not reclassified as profit and loss		880	-	730	-
8349 Income tax related to items not reclassified	6 (16)	( 766)	-	( 496)	-
8310 Total amount of items not reclassified as profit or loss		3,943	-	2,716	-
Items likely to be subsequently reclassified as profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations	6 (20)	30,940	1	( 13,791)	( 1)
8360 Total amount of items likely to be subsequently reclassified as profit or loss		30,940	1	( 13,791)	( 1)
8500 Total comprehensive income in the		\$ 493,115	16	\$ 187,439	8

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation  
Parent-only Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand  
(Earnings per share in NT\$)

	<u>current period</u>					
	Basic earnings per share	6 (28)				
9750	Basic earnings per share		\$	2.67	\$	1.16
	Diluted earnings per share	6 (28)				
9850	Diluted earnings per share		\$	2.67	\$	1.16

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation  
Parent-only Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NTS Thousand

	Note	Common share capital	Retained earnings				Exchange differences on translation of financial statements of foreign operations	Treasury stocks	Total
			Capital reserves	Legal reserves	Special reserves	Undistributed earnings			
<u>2021</u>									
Balance on January 1, 2021		\$ 1,714,711	\$ 212,085	\$ 394,894	\$ 136,904	\$ 2,146,080	(\$ 133,469)	(\$ 6,042)	\$ 4,465,163
Net profit in the current period		-	-	-	-	198,514	-	-	198,514
Other comprehensive income in the current period	6 (20)	-	-	-	-	2,716	(13,791)	-	(11,075)
Total comprehensive income in the current period		-	-	-	-	201,230	(13,791)	-	187,439
Allocation and distribution of earnings:	6 (19)								
Legal reserves		-	-	2,118	-	(2,118)	-	-	-
Special reserves		-	-	-	(3,436)	3,436	-	-	-
Cash dividends		-	-	-	-	(85,736)	-	-	(85,736)
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of		-	912	-	-	-	-	-	912
Changes in ownership interests in subsidiaries and associates		-	2,141	-	-	-	-	-	2,141
Balance on December 31, 2021		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919
<u>2022</u>									
Balance on January 1, 2022		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)	\$ 4,569,919
Net profit in the current period		-	-	-	-	458,232	-	-	458,232
Other comprehensive income in the current period	6 (20)	-	-	-	-	3,943	30,940	-	34,883
Total comprehensive income in the current period		-	-	-	-	462,175	30,940	-	493,115
Allocation and distribution of earnings:	6 (19)								
Legal reserves		-	-	20,123	-	(20,123)	-	-	-
Special reserves		-	-	-	13,792	(13,792)	-	-	-
Cash dividends		-	-	-	-	(154,324)	-	-	(154,324)
Balance on December 31, 2022		\$ 1,714,711	\$ 215,138	\$ 417,135	\$ 147,260	\$ 2,536,828	(\$ 116,320)	(\$ 6,042)	\$ 4,908,710

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi



SOLOMON Technology Corporation  
Parent-only Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Pre-tax profit in the current period		\$ 543,276	\$ 212,768
Adjustment items			
Profits and expenses			
Depreciation expense (including investment property and right-of-use assets)	6 (8) (9) (11)	32,758	33,925
Amortization expense	6 (26)	1,889	2,316
Expected credit reversal gain	12 (2)	( 284 )	( 2,141 )
Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss	6 (2) (24)	45,236	( 15,651 )
Interest expense	6 (25)	16,046	9,759
Interest income	6 (22)	( 88,968 )	( 64,857 )
Share of profits of subsidiaries, associates and joint ventures under the equity method	6 (7)	( 184,648 )	( 113,138 )
Gain from disposal and scrapping of property, plant and equipment	6 (24)	( 13 )	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets and liabilities measured at fair value through profit or loss – current		( 121,421 )	( 78,341 )
Notes receivable		( 11,885 )	( 678 )
Accounts receivable		28,101	( 58,261 )
Net accounts receivable – related party		( 2,890 )	134,220
Other receivables		( 13,074 )	( 495 )
Inventory		( 29,850 )	( 360,633 )
Prepayments		3,970	64,492
Net changes in liabilities related to operating activities			
Contractual liabilities		277,528	65,109
Notes payable		10,429	( 1,707 )
Accounts payable		( 46,117 )	31,546
Other payables		13,382	12,072
Other current liabilities	6 (29)	14,672	13,620
Cash inflow (outflow) from operations		488,137	( 116,075 )
Interest received		88,760	63,262
Interest paid		( 15,853 )	( 9,314 )
Income tax paid		( 5,051 )	( 3,375 )
Net cash inflow (outflow) from operating activities		555,993	( 65,502 )

(Continued to next page)

SOLOMON Technology Corporation  
Parent-only Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investing activities:</u>			
Decrease (Increase) in financial assets measured at amortized cost		\$ 4,670	(\$ 680,800)
Proceeds from acquisition of investments accounted for using the equity method – subsidiaries	6 (7)	( 93,581 )	( 60,000 )
Share payments returned on capital reduction in investee companies accounted for using the equity method	6 (7)	51,482	-
Proceeds from acquisition of property, plant, and equipment	6 (8)	( 10,868 )	( 15,431 )
Proceeds from disposal of property, plant and equipment		13	-
(Increase) Decrease in deposits paid		( 573 )	3,787
Decrease in other receivables – related party		23,573	70,831
Proceeds from acquisition of intangible assets		( 3,440 )	( 768 )
Cash dividends received from investments accounted for using the equity method	6 (7)	127,258	52,474
Net cash inflow (outflow) from investing activities		<u>98,534</u>	<u>( 629,907 )</u>
<u>Cash flows from financing activities:</u>			
Repayment of short-term loans	6 (29)	( 1,444,825 )	( 709,205 )
Borrowing of short-term loans	6 (29)	1,101,561	1,619,092
Repayment of principal of lease liabilities	6 (9) (29)	( 4,582 )	( 4,133 )
Decrease (Increase) in other non-current liabilities	6 (29)	531	( 86 )
Distribution of cash dividends	6 (19)	( 154,324 )	( 85,736 )
Net cash inflow (outflow) from financing activities		<u>( 501,639 )</u>	<u>819,932</u>
Effect of exchange rate		<u>663</u>	<u>( 911 )</u>
Increase in cash and cash equivalents in the current period		153,551	123,612
Opening balance of cash and cash equivalents		421,692	298,080
Closing balance of cash and cash equivalents		<u>\$ 575,243</u>	<u>\$ 421,692</u>

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

# CH 4. Appendix

## Appendix 1

### SOLOMON Technology Corporation

#### Articles of Incorporation (Current)

##### Chapter 1 General Rules

- Article 1: The Company is incorporated pursuant to the definition of a company limited by shares under the Company Act and named 所羅門股份有限公司 (English name: SOLOMON Technology Corporation).
- Article 2: The scope of business of SOLOMON includes the following:
- |    |         |   |
|----|---------|---|
| 1  | C501990 | Manufacture of other products of wood   |
| 2  | C901010 | Ceramic and Ceramic Products Manufacturing  |
| 3  | CA02090 | Metal Wire Products Manufacturing   |
| 4  | CA02990 | Other Metal Products Manufacturing  |
| 5  | CB01010 | Mechanical Equipment Manufacturing  |
| 6  | CB01990 | Other Machinery Manufacturing   |
| 7  | CC01010 | Manufacture of Power Generation, Transmission and Distribution Machinery                    |
| 8  | CC01030 | Electrical Appliances and Audiovisual Electronic Products Manufacturing                     |
| 9  | CC01060 | Wired Communication Mechanical Equipment Manufacturing                                      |
| 10 | CC01070 | Wireless Communication Mechanical Equipment Manufacturing                                   |
| 11 | CC01080 | Electronics Components Manufacturing  |
| 12 | CC01090 | Manufacture of Batteries and Accumulators   |
| 13 | CC01101 | Restrained Telecom Radio Frequency Equipment and Materials Manufacturing                    |
| 14 | CC01110 | Computer and Peripheral Equipment Manufacturing   |
| 15 | CF01011 | Medical Devices Manufacturing   |
| 16 | E601010 | Electric Appliance Construction   |
| 17 | E601020 | Electric Appliance Installation   |
| 18 | E603050 | Automatic Control Equipment Engineering   |
| 19 | E603100 | Electric Welding Engineering  |
| 20 | E604010 | Machinery Installation  |
| 21 | E605010 | Computer Equipment Installation   |
| 22 | F102180 | Wholesale of Alcohol  |
| 23 | F106010 | Wholesale of Hardware   |
| 24 | F107990 | Wholesale of Other Chemical Products  |
| 25 | F109070 | Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies |
| 26 | F111090 | Wholesale of Building Materials   |
| 27 | F113010 | Wholesale of Machinery  |
| 28 | F113020 | Wholesale of Electrical Appliances  |

29	F113030	Wholesale of Precision Instruments
30	F113050	Wholesale of Computers and Clerical Machinery Equipment
31	F113070	Wholesale of Telecommunication Apparatus
32	F118010	Wholesale of Computer Software
33	F203030	Retail Sale of Alcohol
34	F206010	Retail Sale of Hardware
35	F207990	Retail Sale of Other Chemical Products
36	F209060	Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
37	F211010	Retail Sale of Building Materials
38	F213010	Retail Sale of Electrical Appliances
39	F213030	Retail Sale of Computers and Clerical Machinery Equipment
40	F213040	Retail Sale of Precision Instruments
41	F213060	Retail Sale of Telecommunication Apparatus
42	F213080	Retail Sale of Machinery and Tools
43	F218010	Retail Sale of Computer Software
44	F219010	Retail Sale of Electronic Materials
45	F401010	International Trade
46	F401021	Restricted Telecom Radio Frequency Equipment and Materials Import
47	G801010	Warehousing
48	H701010	Housing and Building Development and Rental
49	H701020	Industrial Factory Development and Rental
50	H703090	Real Estate Business
51	I301010	Information Software Services
52	I301020	Data Processing Services
53	I301030	Electronic Information Supply Services
54	I501010	Product Designing
55	IZ06010	Tally Packaging
56	IZ99990	Other Industrial and Commercial Services
57	J303010	Magazine(Periodical) Publishing
58	JE01010	Rental and Leasing
59	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is headquartered in Taipei City, and branches may be established domestically or abroad, if needed, subject to a resolution of the Board of Directors.

Article 4: Deleted.

## **Chapter 2 Shares**

Article 5: The Company has stated capital of NT\$5,000,000,000 divided into 500,000,000 shares at NT\$10 per share. The Board of Directors is authorized to issue the shares in tranches. 56,000,000 shares of the above shares, amounting to NT\$560,000,000, are reserved for the exercise of employee stock warrants, preferred shares with warrants, corporate bonds with warrants.

Taiwan Depository & Clearing Corporation may request to change small-denomination securities into large-denomination securities.



- Article 5-1: The Company may be engaged in endorsement/guarantee business in accordance with the government's regulations and the requirements established by the Board of Directors with authorization. The Company may invest in another company and become a shareholder of limited liability of the company and the total amount of such investments is not limited to 40% of the paid-in share capital under Article 13 of the Company Act.
- Article 6: The shares of the Company are registered, signed or stamped by the director(s) representing the Company, and issued after being certified by the bank that is qualified to act as an attester for the issuance of the shares according to laws. The Company may issue shares in dematerialized form or print share certificates collectively for all the newly issued shares, provided that the shares shall be registered with a centralized securities depository enterprise.
- Article 7: The shareholders shall handle share-related matters with the Company or exercise stock rights in accordance with the "Company Act" and the "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 8: Changes in the shareholder register are not permitted within 60 days prior to the scheduled date of the annual general meeting, within 30 days prior to the scheduled date of any special shareholders' meeting, or within 5 days prior to the Company's record date of dividend, bonus or other interests.
- Article 9: The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to receive the stocks purchased by the Company pursuant to the Company Act.
- The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to receive employee stock warrants.
- The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to purchase the new shares issued by the Company.
- The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to receive the restricted stock awards for employees issued by the Company.

### **Chapter 3 Shareholders' Meetings**

- Article 10: The Company holds two types of shareholders' meetings:
- I. The annual general meeting is convened within six months after the end of a financial year.
  - II. Special shareholders' meetings may be held whenever deemed necessary, subject to compliance with laws.
- The shareholders' meetings of the Company may be convened in the form of a video conference or in other ways promulgated by the central competent authority. The conditions, procedures and other rules (if any) established by the competent securities authority for holding shareholders' meetings through video conferencing shall be followed.

Article 11: Where a shareholder's meeting is convened by the Board of Directors, the chairperson's powers shall be delegated in accordance with Article 20 of the Articles of Incorporation. Where the shareholder's meeting is convened by any person other than the Board of Directors with the power to convene such meeting, the person shall chair the meeting. If there are two or more such persons, one person shall be chosen among themselves to chair the meeting.

Article 12: The shareholders shall be informed about the convening of the annual general meeting 30 days before the scheduled date of the meeting. For special shareholders' meetings, a convening notice shall be given to the shareholders 15 days prior to the scheduled date of the meeting.

The aforementioned convening notice may be given in electronic form at the consent of the respondents. Shareholders holding less than 1,000 registered shares shall be informed by means of announcements.

Article 13: If a shareholder cannot attend the shareholders' meeting, such shareholder may appoint a proxy to attend the meeting by providing a proxy form stating the authorization scope.

Article 14: Unless otherwise specified in the Company Act, the Company's shareholders are entitled to one voting right per share and may exercise the right by correspondence or electronic means.

Article 15: Unless otherwise provided by the Company Act, resolutions at a shareholders' meeting are subject to the presence of shareholders representing more than half of the total outstanding shares at the meeting and the consent of attending shareholders holding a majority of the voting rights. A motion is considered passed if the chairperson receives no objection from any attending shareholders. This voting method shall carry the same effect as the conventional ballot method.

The aforesaid adopted resolutions shall be recorded in the minutes of the meeting which shall be signed or stamped by the chairperson of the shareholders' meeting, distributed to all shareholders within 20 days after the meeting, and retained persistently throughout the lifetime of the Company.

The distribution of the meeting minutes referred to in the preceding paragraph may be effected by means of announcements.

#### **Chapter 4 Directors, Supervisors and Managerial Officers**

Article 16: The Company shall have seven to nine directors (including independent directors) with tenure of 3 years. The candidate nomination system shall be adopted for the election of directors. The directors are elected by shareholders from among the nominees listed in the roster of director candidates and may assume a second term of office if reelected.

Of all the seats of directors mentioned above, the number of independent directors shall not be less than three and one-fifth of the total seats of directors. The professional qualification, shareholding, restrictions on concurrent positions, methods of nomination and election, applicable periods, and other matters for compliance for the independent directors shall be subject to the requirements of the competent securities authority.

- Article 16-2: When the number of vacancies in the Board of Directors equals to one-third of the total directors, the Board of Directors shall call a special shareholders' meeting within 60 days to co-opt to fill vacancies. Co-option for filling independent director vacancies shall be held in accordance with Article 14-2 of the Securities and Exchange Act.
- Article 17: The Board of Directors consists of directors who have the following powers:
- I. Preparing business plans.
  - II. Proposing earnings distribution or loss reimbursement proposals.
  - III. Proposing capital increase or reduction proposals.
  - IV. Drawing up important rules and regulations, organizational rules, and contracts.
  - V. Appointing and dismissing the Company's managerial officers.
  - VI. Establishing and dissolving branches.
  - VII. Budgeting and conducting account closing.
  - VIII. Except for decisions that are subject to resolutions adopted at a shareholders' meeting under the Company Act or the provisions of the Articles of Incorporation, all business decisions of the Company shall be resolved by the Board of Directors.
- Article 18: A Chairman shall be elected among board members during a board meeting with more than two-thirds of directors present, and with the consent of more than half of all attending directors. In addition, if necessary, a Vice Chairman may be elected through the same method described above. The Chairman serves as the Company's representative to the outside world.
- Article 19: Unless otherwise specified in the Company Act, the Company's board meetings shall be convened by the Chairman. Unless otherwise specified in the Company Act, the resolutions of the Board of Directors shall be adopted with the consent of a majority of all attending directors at a meeting attended by more than half of directors.
- The Board of Directors shall specify the reasons for convening a meeting and inform all directors 7 days prior to the meeting. However, in case of emergency, a board meeting may be convened at any time.
- Notification of the convention of board meetings mentioned above may be effected by means of written notice or via e-mail or fax.
- Article 20: The Chairman serves as the chair of the Board of Directors. Where the Chairman is on leave or unable to perform his/her duties for whatever reason, the Vice Chairman shall act on his/her behalf. In the absence of a Vice Chairman or where the Vice Chairman is also on leave or unable to perform his/her duties for whatever reason, the Chairman shall appoint a director to act on his/her behalf. Where the Chairman has failed to make such appointment, the directors shall select among themselves one person to act on his/her behalf.
- The directors shall attend board meetings in person. Any directors who are unable

to be present at a board meeting for whatever reason may authorize another director to act as his/her proxy. Each director may serve as the proxy for one director only.

Board meetings may be held via video conferencing. Any director attending the meeting through video conferencing shall be deemed to have attended the meeting in person.

Article 21: Deleted.

Article 22: The Board of Directors is authorized to determine the remuneration of the Company's directors based on their individual participation in and contribution to the Company's operations and with reference to the general level in the industry at home and abroad.

Article 22-1: The Company may take out liability insurance for the directors.

Article 23: The Company shall employ managerial officers and their job titles, appointment, dismissal, and remuneration shall be put forward at a board meeting and is subject to the presence of more than half of directors at the meeting and a resolution adopted with the consent of a majority of all attending directors.

Article 24: The General Manager shall take charge of the Company's business as a representative to the outside world pursuant to the resolutions adopted by the Board of Directors.

## **Chapter 5 Accounting**

Article 25: The fiscal year of the Company shall commence January 1 and end on December 31. Account closing shall be carried out at the end of each fiscal year.

Article 26: The Board of Directors is responsible for preparing the following statements and reports at the end of each financial year in accordance with the provisions of Article 228 of the Company Act. These statements and reports shall be submitted to the annual general meeting for ratification.

I. A business report.

II. Financial statements.

III. Earning distribution or loss reimbursement proposals.

Article 27: Dividends and bonuses shall be distributed based on the percentage of shares held by each shareholder. No dividend and bonus shall be distributed if the Company has no earnings.

Article 28: The Company shall subtract any accumulated losses from earnings in the year (i.e. pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors). A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors.

The distribution of employees' remuneration in cash or in shares and the distribution of directors' remuneration in cash are subject to a resolution adopted with the consent of a majority of all attending directors at a board meeting with more than two-thirds of board members present and shall be subsequently reported at a shareholders' meeting.

The Company's employees, including the employees of the parent or subsidiaries of the Company meeting certain specific requirements, are entitled to receive employees' remuneration paid in shares or cash.

The Company may distribute earnings or offset losses after the end of each half of a fiscal year.

If there are earnings at the half-year end closing of a fiscal year, they shall first be used to pay taxes, offset accumulated losses, and estimate retained remuneration to employees and to directors and supervisors. 10% of the earnings shall also be set aside as legal reserves, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-in capital. Provision for or reversal of special reserves is then required pursuant to laws. The remaining earnings, if any, shall be added to the undistributed earnings carried from the previous fiscal year as the shareholder bonus. The Board of Directors shall draw up a distribution proposal. Distribution of the earnings by issuing new shares is subject to a resolution adopted at a shareholders' meeting; distribution of the earnings in cash is subject to a resolution of the Board of Directors.

Where the Company has earnings at the year-end closing in a fiscal year, 10% thereof shall be set aside as legal reserves as required by laws after they are used to pay taxes and offset accumulated losses, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-in capital. Provision for or reversal of special reserves is then required pursuant to laws. The remaining earnings, if any, shall be added to the undistributed earnings carried from the first half of the fiscal year as accumulated distributable earnings. The Board of Directors shall subsequently draw up a distribution proposal and submit the same to a shareholders' meeting for a resolution on the distribution of bonuses to shareholders.

The Board of Directors is authorized to adopt a resolution to distribute the abovementioned earnings, legal reserve, and capital reserve in cash at a meeting attended by more than two-thirds of directors with the consent of a majority of all attending directors and the distribution shall be reported at a shareholders' meeting. The distribution of the earnings, legal reserve, and capital reserve by issuing new shares is subject to a resolution adopted at a shareholders' meeting according to the preceding paragraph.

Article 29: The industry where the Company operates is at a stage of steady growth in its development cycle. In consideration of the demand for funds in the future and long-term financial planning, the Company not only distributes earnings in accordance with the preceding article, but also ensures that the percentage of cash dividends distributed is not less than 20% of the shareholders' bonuses distributed in the year. However, if the cash dividends are less than NT\$0.5 per share, the bonuses may be distributed in the form of stock dividends.

The Company may adopt the most appropriate dividend policy and distribution method based on the Company's actual operations in the current year and in consideration of capital budgeting for the following year.

Article 30: Deleted

## **Chapter 6 Supplementary Provisions**

- Article 31: The Company's Articles of Incorporation and execution rules shall be established separately.
- Article 32: Matters not provided in the Articles of Incorporation shall be subject to the Company Act and other applicable laws and regulations.
- Article 33: The Articles of Incorporation were established on April 28, 1990. The 1st amendment was made on June 1, 1990. The 2nd amendment was made on July 28, 1990. The 3rd amendment was made on May 31, 1991. The 4th amendment was made on December 24, 1991. The 5th amendment was made on June 14, 1992. The 6th amendment was made on December 14, 1992. The 7th amendment was made on May 29, 1993. The 8th amendment was made on January 10, 1994. The 9th amendment was made on April 9, 1994. The 10th amendment was made on December 17, 1994. The 11th amendment was made on June 24, 1995. The 12th amendment was made on November 18, 1995. The 13th amendment was made on April 13, 1996. The 14th amendment was made on March 28, 1997. The 15th amendment was made on October 14, 1997. The 16th amendment was made on June 8, 1998. The 17th amendment was made on June 21, 1999. The 18th amendment was made on May 26, 2000. The 19th amendment was made on May 26, 2000. The 20th amendment was made on May 15, 2001. The 21st amendment was made on June 17, 2002. The 22nd amendment was made on June 11, 2004. The 23rd amendment was made on June 15, 2006. The 24th amendment was made on June 15, 2007. The 25th amendment was made on March 14, 2008. The 26th amendment was made on May 21, 2009. The 27th amendment was made on June 18, 2010. The 28th amendment was made on June 15, 2012. The 28th amendment was made on June 15, 2012. The 29th amendment was made on June 11, 2013. The 30th amendment was made on June 12, 2015. The 31st amendment was made on June 7, 2016. The 32nd amendment was made on June 2, 2017. The 33rd amendment was made on June 12, 2019. The 34th amendment was made on June 2, 2020. The 35th amendment was made on July 15, 2021. The 36th amendment was made on June 8, 2022.

## **Appendix 2**

### **SOLOMON Technology Corporation**

#### **Rules of Procedure for Shareholders' Meetings (Current)**

Article 1 To establish a good governance system and sound supervisory capabilities for the Company's shareholders' meetings and to strengthen the management capabilities, the Rules have been established pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 Unless otherwise provided by law or the Articles of Incorporation, the rules of procedures for the Company's shareholders' meetings shall be subject to the Rules.

Article 3 (Convention and notice of shareholders' meetings)

Unless otherwise provided by law, the Company's shareholders' meetings shall be convened by the Board of Directors.

Any changes to the way of holding the shareholders' meetings of the Company shall be resolved by the Board of Directors and put into effect no later than the delivery of the notice of the shareholders' meeting.

The Company shall prepare an electronic version of the meeting notice, proxy form, and materials containing the summary and description of ratification motions, discussions, the election or dismissal of directors, and other motions and upload the electronic file to the MOPS 30 days before the scheduled date of the annual general meeting or 15 days prior to the scheduled date of a special shareholders' meeting. The shareholders' meeting handbook and supplementary meeting materials shall be prepared in electronic form and uploaded to the MOPS 21 days before the scheduled date of the annual general meeting or 15 days prior to the scheduled date of a special shareholders' meeting. However, where the aggregate shareholding percentage of foreign investors and Chinese investors in the Company's capital reached 30% or more as recorded in the shareholder roster at the time of holding the annual general meeting in the most recent fiscal year, the Company shall upload the aforesaid electronic files 30 days prior to the day on which the annual general meeting is to be held.

The hard copies of the shareholders' meeting handbook and supplementary meeting materials shall be prepared and made available at the offices of the Company and the professional share registration agent commissioned by the Company 15 days before a shareholders' meeting.

The Company shall make the shareholders' meeting handbook and supplementary materials referred to in the preceding paragraph available to the shareholders on the day of the shareholders' meeting by the following means:

- I. They shall be distributed at the site where the shareholders' meeting is held physically.
- II. They shall be distributed at the site where the hybrid shareholders' meeting is held and uploaded in electronic form to the video conferencing platform.



III. They shall be uploaded in electronic form to the video conferencing platform for virtual shareholders' meetings.

The notice and announcement shall contain information on the reason for convening a shareholders' meeting and may be made in electronic form with the consent of the respondents.

Motions on the election or dismissal of directors, alteration of the Articles of Incorporation, capital reduction, application for ceasing the Company's status as a public company, approval for directors to engage in competing operations, surplus profits distributed in the form of new shares, reserves distributed in the form of new shares, the dissolution, merger, demerger of the Company, or anything as stated in Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be briefly explained in the reason for convening a shareholders' meeting and may not be proposed as extempore motions.

Where the full re-election of directors along with the date for assuming office has been specified in the reason for convening a shareholders' meeting, such date may not be changed by proposing an extempore motion or through other methods at the same shareholders' meeting where the re-election is held.

Shareholders holding 1% or more of the total number of the issued shares may present one proposal at the annual general meeting with the Company. Where there are more than one proposal are presented, all the proposals shall not be included as motions. In addition, in case of any of the circumstances set forth in Article 172-1, Paragraph 4 of the Company Act, the Board of Directors may not include the proposals presented by the shareholders as motions. The shareholders may present suggestive proposals with the aim of urging the Company to promote public interest or fulfill social responsibility. Procedurally speaking, each shareholder can only present one proposal according to the provisions of Article 172-1 of the Company Act. Where there is more than one proposal presented, all the proposals shall not be included as motions.

The Company shall announce a call for proposals from the shareholders, the method for accepting the proposals in written or electronic form, acceptance sites, and the acceptance period which shall not be shorter than 10 days before the book closure date prior to the annual general meeting.

The proposals presented by the shareholders are limited to 300 words and those with over 300 words shall not be included as motions. The shareholders presenting proposals shall attend the annual general meeting in person or by proxy and participate in the discussion of the proposal.

The Company shall inform the presenting shareholders of the handling result prior to the date of notice of the shareholders' meeting and list the proposals consistent with the provision of the Article in the meeting notice. The Board of Directors shall explain the reason why there are proposals from shareholders not included as motions at the shareholders' meeting.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing a proxy form issued by the Company and stating the authorization scope.

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 5 days before the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to revoke the previous proxy appointment.

If the shareholder intends to attend the meeting in person or to exercise his/her/its voting right by correspondence instead after a proxy form has been delivered to the Company, a written notice of appointment revocation shall be submitted to the Company 2 days before the meeting date; if the revocation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If the shareholder intends to attend the meeting through video conferencing instead after a proxy form has been delivered to the Company, a written notice of appointment revocation shall be submitted to the Company 2 days before the meeting date; if the revocation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5 (Principles for determining the time and place of shareholders' meetings)

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for holding the shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the venue and time of the meeting.

The said restriction on the venue for the meeting, however, shall not apply to the Company's shareholders' meetings held through video conferencing.

#### Article 6 (Preparation of documents for shareholders' meetings)

The Company shall specify in the notice of shareholders' meetings the time during which attendance for shareholders, solicitors and proxies (hereinafter collectively referred to as shareholders) will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place to register for attendance shall be clearly marked and a sufficient number of competent personnel shall be assigned to accept attendance registrations. At a virtual shareholders' meeting, shareholders may begin to register on the video conferencing platform of the shareholders' meeting 30 minutes before the meeting starts. Shareholders completing registration are considered as having attended the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company shall not arbitrarily add requirements for other certifying documents beyond those showing eligibility for attendance by shareholders. Solicitors soliciting proxy forms shall also bring their identification documents for verification.

The Company shall provide the attending shareholders with the shareholders' meeting handbook, annual report, attendance card, speaker's slips, voting slips and other

meeting materials, as well as the election ballots if directors are to be elected at the meeting.

Where the government or a corporate is a shareholder, more than one representative may be assigned to attend the meeting. Where a corporate shareholder is appointed as a proxy to attend a shareholders' meeting, such shareholder may appoint only one representative to the meeting.

Where a virtual shareholders' meeting is convened, shareholders intending to attend the meeting through video conferencing shall register with the Company 2 days before the meeting date.

Where a virtual shareholders' meeting is convened, the Company shall upload the shareholders' meeting handbook, annual report and other meeting materials to the video conferencing platform of the shareholders' meeting at least 30 minutes before the meeting starts and keep them disclosed until the end of the meeting.

#### Article 6-1 (Particulars that should be specified in the notice of virtual shareholders' meetings)

When the Company convenes a virtual shareholders' meeting, the following particulars shall be included in the notice of the shareholders' meeting:

- I. Methods for the shareholders to attend the virtual meeting and exercise their rights.
- II. Actions to be taken in the event of obstructions to the virtual meeting platform or participation in the virtual meeting due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (I) To what time the meeting is rescheduled or from what time the meeting will resume if the above obstructions continue and cannot be removed, and the date to which the meeting is rescheduled or on which the meeting will resume.
  - (II) Shareholders who did not register to attend the affected shareholders' meeting through video conferencing may not attend the rescheduled or resumed session.
  - (III) In case of a hybrid shareholders' meeting, when the virtual meeting cannot proceed and the total number of shares represented by shareholders present at the meeting reaches the statutory threshold for holding a shareholders' meeting after the shares represented by shareholders attending the meeting through video conferencing are deducted therefrom, the shareholders' meeting shall continue. The shares represented by the shareholders attending the meeting through video conferencing shall be counted towards the total number of shares represented by the shareholders present at the meeting, and the shareholders attending the meeting through video conferencing shall be considered as having abstained from voting on all the motions at the shareholders' meeting.
  - (IV) Actions to be taken if the outcome of all motions has been announced and extempore motions have not been carried out.

- III. When a virtual shareholders' meeting is convened, appropriate alternative measures available to shareholders with difficulties in attending such meeting through video conferencing shall be specified.

Article 7 (The chairperson and participants of shareholders' meetings)

Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is on leave or unable to perform his/her duties for whatever reason, the Chairman shall appoint one director to act on his/her behalf. If no director is appointed, one director shall be chosen from among all the directors to preside over the meeting.

Where the shareholder's meeting is convened by any person other than the Board of Directors with the power to convene such meeting, the person shall chair the meeting. If there are two or more such persons, one person shall be chosen among themselves to chair the meeting.

The Company may appoint the retained attorney, CPA, or any related person to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Video or audio records of shareholders' meetings)

The Company shall record the shareholders' meetings through video or audio recording and keep the records for at least one year. Where any shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, the video or audio record shall be retained until conclusion of the lawsuit.

Article 9 Attendance at shareholders' meetings shall be calculated based on shares. The number of shares represented by all attending shareholders shall be calculated based on the submitted sign-in cards and the number of shares registered for attendance on the video conferencing platform, added with the number of shares with voting rights that are exercised by correspondence or electronic means.

The chairperson shall call the meeting to order at the scheduled meeting time and announce the number of shares without voting rights and the number of shares represented by all attending shareholders. However, when the attending shareholders do not represent a majority of the total number of the issued shares, the chairperson may announce a postponement of the commencement of the meeting. The postponements shall be limited to two times and may not exceed one hour cumulatively. In the event that, after two postponements, the number of shares represented by the present shareholders is still less than one-third of the total number of the issued shares, the chairperson may announce the adjournment of the meeting. Where a virtual shareholders' meeting is convened, the Company shall also declare the meeting adjourned on the video conferencing platform of the shareholders' meeting.

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 the issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all the shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. Where a virtual shareholders' meeting is convened, shareholders intending to



attend the meeting through video conferencing shall re-register with the Company in accordance with Article 6.

If the attending shareholders represent a majority of the total issued shares before the end of the meeting, the chairperson may re-propose the tentative resolution for voting at the meeting in accordance with Article 174 of the Company Act.

#### Article 10 (Motion discussion)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors and the resolutions of relevant motions (including extempore motions and the amendments to the original motions) shall be put to a vote one by one. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The preceding paragraph shall also apply to any shareholders' meeting convened by any person other than the Board of Directors with the power to convene such a meeting.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions).

The chairperson shall grant adequate opportunities for clarification and discussion on amendments or extempore motions posed by shareholders. If a motion in discussion is considered ready for voting, the chairperson may discontinue the discussion and put the motion to a vote and shall ensure sufficient time for voting.

#### Article 11 (Speaking of shareholders)

Before any attending shareholder delivers a statement, the attending shareholder shall submit a speaker's slip containing the purpose of his/her/its statement and his/her/its shareholder account number (or attendance card number) and account name. The chairperson shall determine the order in which the shareholder delivers his/her/its statement.

Any attending shareholder who has submitted a speaker's slip but does not give a statement shall be deemed to have not given any statement. Where a statement given is inconsistent with that specified in the speaker's slip, the statement given shall prevail.

Except with the consent of the chairperson, each shareholder may neither have the floor more than twice on the same motion nor speak for more than 3 minutes each time. Where the shareholder speaks in contravention of the rules or beyond the scope of the subject, the chairperson may stop the shareholder from speaking.

When an attending shareholder is giving a statement, no other shareholder shall interrupt by speaking without the consent of the chairperson and the shareholder giving a statement. The chairperson shall stop any such interruption.

Where a corporate shareholder has appointed two or more representatives to attend a shareholders' meeting, only one of them may give a statement on a motion.

After an attending shareholder concludes his/her/its statement, the chairperson may give a response or appoint any related person to do so.

Where a virtual shareholders' meeting is convened, shareholders participating via video conferencing may, after the chairperson calls the meeting to order and before the chairperson declares the meeting adjourned, make inquiries in text form on the video conferencing platform of the shareholders' meeting for no more than twice for each motion. Each inquiry shall not exceed 200 words, and the provisions of Paragraphs 1 to 5 shall not apply.

Article 12 (Calculation of the number of voting shares and the recusal system)

Shares shall be used as the calculation basis for voting at shareholders' meetings.

Shares held by shareholders having no voting right shall not be counted toward the total number of the issued shares when adopting a resolution at a shareholders' meeting.

Any shareholder who has a personal interest associated with an item under discussion at a meeting and may impair the interest of the Company shall neither vote nor exercise the voting right of another shareholder on his/her/its behalf.

The number of non-voting shares referred to in the preceding paragraph shall not be counted toward the number of the voting rights of all attending shareholders.

Except for trust enterprises or stock agencies approved by the competent securities authority, where a person acts as the proxy for two or more shareholders, the number of voting rights represented by him/her shall not exceed 3% of the total issued voting shares of the Company, otherwise, the portion of excessive voting rights shall not be counted.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

The shareholders of the Company may exercise their voting rights by electronic means and correspondence at shareholders' meetings; when the voting rights are to be exercised by correspondence or electronic means, the means of exercising the voting rights shall be expressly provided in the notice of the shareholders' meeting. Shareholders who exercise their voting rights at a shareholders' meeting by correspondence or electronic means shall be considered as having attended the shareholders' meeting in person. However, they shall be treated as having waived their voting rights in respective of any extempore motion and/or any amendment to the contents of the original motions at the said shareholders' meeting. Thus, it is advisable for the Company to avoid proposing extempore motions or amendments to the contents of the original motions.

In case a shareholder exercises his/her/its voting right by correspondence or electronic means as specified in the preceding paragraph, his/her/its declaration of intention shall be served to the Company 2 days prior to the scheduled date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail, unless a declaration is made to revoke the intention.

In case a shareholder who has exercised his/her/its voting right by correspondence or electronic means intends to attend the shareholders' meeting in person or through video conferencing, the shareholder shall, 2 days prior to the meeting date, serve a

separate declaration of intention to rescind the previous declaration of intention made in exercising the voting right under the preceding paragraph in the same manner previously used in exercising the voting right. In the absence of a timely rescission of the previous declaration of intention, the voting right exercised by correspondence or electronic means shall prevail. Where a shareholder has exercised his/her/its voting right by correspondence or electronic means and also authorized a proxy to attend the shareholders' meeting on his/her/its behalf, the voting right exercised by the authorized proxy for the said shareholder shall prevail.

Unless otherwise provided by the Company Act and the Articles of Incorporation, a motion shall be passed by more than half of the voting rights of all attending shareholders.

A motion is considered passed if the chairperson receives no objection from any attending shareholders. This voting method shall carry the same effect as the conventional ballot method. In case of an objection, the motion shall be put to a vote in accordance with the preceding paragraph.

In case of an amendment or alternative to a motion, the chairperson shall determine the order in which the amendment or alternative together with the original motion will be put to a vote. Where either of them has been approved, the other one shall be deemed rejected and require no further voting.

Vote monitors and counters for voting on motions shall be appointed by the chairperson, provided that the vote monitors shall be the shareholders of the Company.

Vote counting shall be carried out in an open manner in the venue of shareholders' meetings and the voting result shall be announced on the spot immediately and documented in a record.

After the chairperson calls a virtual shareholders' meeting convened by the Company to order, shareholders attending the meeting through video conferencing shall cast their votes for motions and elections on the virtual meeting platform before the chairperson announces the end of the voting session, otherwise they will be considered as abstaining from voting.

Where a virtual shareholders' meeting is convened, votes shall be counted at once after the chairperson announces the end of the voting session, and the voting and election results shall be announced immediately.

If shareholders who have registered to attend a hybrid shareholders' meeting to be convened by the Company through video conferencing in accordance with Article 6 intend to attend the meeting in person instead, they shall revoke their registrations 2 days before the shareholders' meeting in the same manner as for registration, otherwise, they may only attend the shareholders' meeting through video conferencing.

Where shareholders who do not rescind their declarations of intention to exercise their voting rights by correspondence or electronic means and attend the shareholders' meeting through video conferencing, except for extempore motions, they shall not exercise their voting rights on the original motions, make any amendments to the original motions, or exercise their voting rights on amendments to the original motions.

#### Article 14 (Elections)

Where directors are to be elected at a shareholders' meeting, the election shall be duly conducted in accordance with the relevant election regulations of the Company and the election result shall be announced on-the-spot, including the names of elected directors, number of votes with which they are elected, names of **directors** not elected, and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the vote monitors and properly retained for at least one year. Where any shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until conclusion of the lawsuit.

Article 15 Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes which shall be affixed with the signature or seal of the chairperson of the meeting and distributed to all the shareholders of the Company within 20 days after the close of the meeting.

The Company may distribute the meeting minutes referred to in the preceding by means of announcements on the MOPS.

The meeting minutes shall record faithfully the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, a summary and results of the proceedings (including the statistical tallies of the numbers of votes). Where directors are elected at the shareholders' meeting, the number of votes received by them shall be disclosed. The minutes shall be kept persistently throughout the lifetime of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the names of the chairperson and secretary, and the actions to be taken in the event of obstructions to the virtual meeting platform or participation in the virtual meeting due to natural disasters, accidents or other force majeure events, and how the issues are dealt with shall be specified in the minutes.

#### Article 16 (External announcements)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means and shall make an express disclosure of the same in the venue of the shareholders' meeting. Where a virtual shareholders' meeting is convened, the Company shall upload the above materials to the virtual meeting platform of the shareholders' meeting at least 30 minutes before the meeting starts and keep them disclosed until the end of the meeting.

At the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by shareholders present at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever statistics about the total number of shares represented by all attending shareholders and the number of voting rights are compiled during the meeting.



If resolutions adopted at a shareholders' meeting constitute material information under applicable laws or regulations or under the regulations of Taiwan Stock Exchange Corporation, the Company shall upload such resolutions to the MOPS within the prescribed time period.

**Article 17 (Maintenance of order at the meeting venue)**

Staff handling the administrative affairs at shareholders' meetings shall wear identification cards or armbands.

The chairperson may instruct disciplinary officers or security guards to help maintain order at the meeting venue. The disciplinary officers or security guards shall wear an armband or identification card bearing the word "Disciplinary Officer" when helping maintain order at the meeting venue.

Where loudspeakers are equipped at the venue of the shareholders' meeting and a shareholder speaks with a loudspeaker not provided by the Company, the chairperson may stop his/her/its speech.

Where any shareholder fails to obey the instructions of the chairperson and obstructs the progress of the meeting in disregard of dissuasion, the shareholder shall be escorted away from the meeting venue by the disciplinary officers or security guards on the instruction of the chairperson.

**Article 18 (Breaks, meeting continuations)**

When a meeting is in progress, the chairperson may announce a break as appropriate. In the event of force majeure, the chairperson may suspend the meeting and announce a time for resumption of the meeting, depending on the circumstances.

According to Article 182 of the Company Act, a resolution may be adopted to reschedule the shareholders' meeting to or resume the meeting on a date within 5 days from the original meeting date.

**Article 19 (Information disclosure at virtual shareholders' meetings)**

Where a virtual shareholders' meeting is convened, the Company shall disclose the voting and election results immediately after the end of each voting session and the election on the virtual meeting platform of the shareholders' meeting pursuant to the regulations, and this disclosure shall continue at least for 15 minutes after the chairperson declares the meeting adjourned.

**Article 20 (Location where the chairperson and secretary of virtual shareholders' meetings are)**

Where the Company convenes a virtual shareholders' meeting, both the chairperson and secretary shall be in the same location in the country, and the chairperson shall announce the address of the location when the meeting is called to order.

**Article 21 (Handling of disconnection)**

Where a virtual shareholders' meeting is convened, the Company may offer a simple connection test to the shareholders prior to the meeting and provide relevant real-time services before and during the meeting to help resolve technical communication problems.

Where a virtual shareholders' meeting is convened, except for circumstances where the meeting is not required to be rescheduled to or resumed at another time under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the chairperson shall, when calling the meeting to order, announce the date that the meeting is rescheduled to or resumed on within 5 days from the original meeting date in case any obstruction to the virtual meeting platform or participation in the virtual meeting resulting from natural disasters, accidents or other force majeure events occurring before the chairperson declares the meeting adjourned continues for more than 30 minutes, in which case Article 182 of the Company Act does not apply.

Where a meeting shall be rescheduled or resumed as described in the preceding paragraph, shareholders who did not register to participate in such shareholders' meeting through video conferencing shall not attend the rescheduled or resumed meeting.

Where shareholders who have registered to participate in a shareholders' meeting that shall be rescheduled or resumed under Paragraph 2 through video conferencing and have successfully signed in do not attend the rescheduled or resumed meeting, the shares represented by the shareholders, and the voting rights and election rights exercised thereby at the original shareholders' meeting shall be counted towards the total number of shares, number of voting rights and number of election rights represented by the shareholders present at the rescheduled or resumed meeting.

During a rescheduled or resumed shareholders' meeting held under Paragraph 2, no further discussion or resolution is required for motions for which votes have been cast and counted and for which the voting results or elected directors have been announced.

At a hybrid shareholders' meeting held by the Company, where the virtual meeting cannot be continued due to the circumstances as stated in Paragraph 2 and the total number of shares represented by all attending shareholders reaches the statutory threshold for holding a shareholders' meeting after the shares represented by shareholders attending the meeting through video conferencing are deducted therefrom, the shareholders' meeting shall continue and need not be rescheduled or resumed under Paragraph 2.

Under the circumstances where a shareholders' meeting should continue as stated in the preceding paragraph, the shares represented by shareholders attending the meeting through video conferencing shall be counted towards the total number of shares represented by all attending shareholders, provided that the shareholders attending the meeting through video conferencing shall be considered abstaining from voting on all the motions at the shareholders' meeting.

When rescheduling or resuming a meeting according to Paragraph 2, the Company shall carry out the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

The Company shall meet the requirements set forth in the second half of Article 12 and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the

Administration of Shareholder Services of Public Companies based on the date that a shareholders' meeting is rescheduled to or resumed on under Paragraph 2.

Article 22 (Establishment and amendment)

The Rules and any amendments hereto shall be implemented after adoption thereof at the shareholders' meeting.

The Rules were first established on June 10, 2011. The 1st amendment was made on June 15, 2012. The 2nd amendment was made on June 11, 2013. The 3rd amendment was made on June 12, 2015. The 4th amendment was made on June 2, 2020. The 5th amendment was made on July 15, 2021. The 6th amendment was made on June 8, 2022.

## **CH 5. Effect of the Proposed Distribution of Bonus Shares at the Current Annual General Meeting on the Business Performance, EPS, and ROE of the Company**

The Company's Board of Directors resolved to distribute the earnings as cash dividends at NT\$1.5 per share in 2022. Thus, this is not applicable.

## **CH 6. Information on Remuneration to Employees and to Directors and Supervisors**

- I. Information on remuneration to employees and to directors and supervisors as specified in the Articles of Incorporation:

### **Article 28:**

The Company shall subtract any accumulated losses from earnings in the year (i.e. pre-tax profit before deduction of the profit distributed as remuneration to employees and to directors and supervisors). If there is any remaining:

a minimum amount of 1% shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.

The distribution of employees' remuneration in cash or in shares and the distribution of directors and supervisors' remuneration in cash are subject to a resolution adopted with the consent of a majority of all attending directors at a board meeting with more than two-thirds of board members present and shall be subsequently reported at a shareholders' meeting.

The Company's employees, including the employees of the parent of the Company meeting certain specific requirements, are entitled to receive employees' remuneration paid in shares or cash.

- II. Information on Board-approved remuneration distributed to employees, directors and supervisors

The percentage and amount of remuneration distributed to employees and to directors and supervisors in 2022 are as follows and the remuneration was distributed in cash:

(I) 1% for employee remuneration: NT\$5,600,786 in total

(II) 2% for remuneration to directors and supervisors: NT\$11,201,572 in total



## CH 7. Shareholding of All Directors

### I. Statement on the minimum shareholding required for all directors and the number of shares held as recorded in the shareholder register

Book closure date: April 11, 2023

Title	Minimum Number of Shares Held	Number of Shares Registered in the Shareholder Roster
Director	10,288,263 shares	39,418,735

Note: The Company's paid-in share capital amounts to 171,471,052 shares.

$171,471,052 \text{ shares} \times 7.5\% \times 80\% = 10,288,263 \text{ shares}$

### II. Statement on the number of shares held by directors

Title	Name	Number of Shares Registered in the Shareholder Roster	Remarks
Chairman	Chen Cheng-Lung	15,733,057 shares	
Director	Chen Jan-Sun	9,481,377 shares	
Director	Chen Lu Su-Yue	13,958,843 shares	
Director	Sheng Xing Investment Co., Ltd.	145,026 shares	Representative: Wang Wei-Chung
Director	Moredel Investment Corp.	100,432 shares	Representative: Kao Sheng-Hui
Independent Director	Wong Ching-Chang	0 share	
Independent Director	Huang Ming-Yu	0 share	
Independent Director	Wong Chu-Ching	0 share	
Independent Director	Huanag Chung-Yuan	0 share	

## **CH 8. Other Information**

### **I. Description of nomination by shareholders and proposal handling for the annual general meeting:**

Description:

- (I) According to Article 172-1 of the Company Act, shareholders holding 1% or more of the total number of the issued shares may put forward a proposal in writing and nominate candidates for directors.
- (II) The Company accepted applications for proposals from shareholders for the 2023 Annual General Meeting from March 24 to April 06, 2023.
- (III) There are no written proposals from shareholders for SOLOMON's 2023 Annual General Meeting.