



Stock code: 6435

# Sinopower Semiconductor Inc.

## 2022 Annual Shareholders' Meeting

### Meeting Agenda (Translation)

Meeting Date: June 24, 2022

Place: No. 6, Dusing 1st Road, Hsinchu Science Park

The original of this handbook is written in Chinese language. If there is any discrepancy between the Chinese version and this English translation, the Chinese version shall prevail.

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**Call the meeting to order**

# Sinopower Semiconductor Inc.

## 2022 Annual Shareholders' Meeting Agenda

Time: 9:00 am, June 24, 2022 (Friday)

Place: No. 6, Dusing 1st Road, Hsinchu Science Park

Held by means by: Physical shareholders' meeting

1. Chairman's address
2. Report Items
  - (1) 2021 business report
  - (2) 2021 Audit Committee's review report
  - (3) Report on 2021 remuneration of directors and employees'
  - (4) Report on 2021 cash dividends distribution
3. Acknowledgements
  - (1) To accept of the 2021 Financial Statements and Business Report
  - (2) To accept of the proposal for distribution of 2021 profits
4. Proposed Resolutions

Amendments to the Company's "Procedures Governing the Acquisition or Disposal of Assets"

Voting by poll
5. Other Business and Special Motions
6. Meeting Adjourned

## Report Items

### Report item (1)

Subject: 2021 business report.

Description: 2021 business report is attached on page 7-12, Attachment 1.

### Report item (2)

Subject: 2021 Audit Committee's review report.

Description: 2021 audit committee's review report is attached on page 13, Attachment 2.

### Report item (3)

Subject: Report on 2021 remuneration to directors and employees.

Description: The company's 2021 pre-tax profit is NTD 533,196,646. The proposed directors' remuneration of NTD 12,620,039 and employee remuneration of NTD 85,185,263 are in compliance with the articles of association of our company, and the proposed distribution amounts are identical to the amounts in the account.

### Report item (4)

Subject: Report on 2021 cash dividends distribution.

Description: (1) The cash dividends of NTD 240,717,600 are to be set aside from the 2021 distributable earnings, which is NTD 7.2 per share. The distribution is calculated based on "unconditional round-off of the amount less than NTD 1", and the distributed amount less than NTD 1 will be listed as the company's other income.

(2) This profit distribution proposal authorizes the Chairman to set another dividend distribution base date for distribution.

(3) If there is any change in the shareholder payout ratio due to the change in the company's share capital affecting the number of outstanding shares, the Chairman shall be authorized to deal with it at its sole discretion.

## Acknowledgements

### Acknowledgement (1)

Proposed by the Board of Directors

Subject: To accept of the 2021 Financial Statements and Business Report.

Description: The company's 2021 Financial Statement was reviewed by Accountant Ya-Huei Cheng and Accountant Tien-Yi Li of PwC Taiwan, and approved by the board of directors on March 23, 2022 along with the Business Report before being submitted to the Audit Committee to be reviewed, and then an audit report was issued. 2021 Financial Statements and Business Report are attached on page 7-12 and page 14-35, Attachment 1, 3 and 4.

**Resolution:**

### Acknowledgement (2)

Proposed by the Board of Directors

Subject: To accept of the proposal for distribution of 2021 profits

Description: The earnings distribution table is submitted. The cash dividends distribution is calculated based on "unconditional round-off of the amount less than NTD 1" , and the distributed amount less than NTD 1 will be listed as the company's other income. 2021 Earnings Distribution Table is attached on page 36, Attachment 5.

**Resolution:**

## **Proposed Resolutions**

### **Proposal (1)**

Proposed by the Board of Directors

Subject: Amendments of the Company's "Procedures Governing the Acquisition or Disposal of Assets "

Description: According to the regulation of competent authority and the actual needs, the comparison table illustrating the original and amended texts of the "Procedures Governing the Acquisition or Disposal of Assets" is available on page 37-54, Attachment 6.

Resolution:

Voting by poll

**Other Business and Special Motions**

**Meeting Adjourned**

## 2021 Business Report

### Business Overview

As an extension from the unexpected 2020, 2021 was also full of surprises, yet Sinopower Semi has successfully gone through its 13<sup>th</sup> year. We thought that by closing the border at a rather early stage would make Taiwan a haven in this global epidemic. Unfortunately, the infections of pilots, members of Lions Clubs, the customers of the Tea House had led to the severe local infection outbreak, then triggered the Level 3 Alert in May. We believe that everyone had a more personal feeling about this epidemic. Luckily, it was downgraded to Level 2 two months later, thanks to the cooperation of all people in this fight against COVID-19 and the vaccination. The Level 3 Alert had turned all the preparations in 2020 into reality. Split shift at work, work from home, and personal PCR quick screening were all implemented. The restrictions on all kinds of gatherings and overseas travels, the prohibition of business operations in certain industries, and the takeout only service limits of all restaurants had made lives and works rather inconvenient, yet we should be grateful for the gradual recovery. Human's response to the continuous mutation of COVID-19 virus is an important subject. The policies of either to coexistence with virus or complete clearance of virus have been adopted in different regions, and God will let us know which way is the right way in the future.

Sinopower Semi's products are mainly for power supply and power conversion, and better product specifications will lead to improved power conversion efficiency in electronic products. This will positively contribute to the goal of energy saving and carbon reduction on Earth, and we believe this is our mission and purpose of existence in this industry. The ongoing US and China competition in 2021, accelerated the promotion of new technologies (5G, AIoT, and high-speed computing (HPC) in both campaigns; the requirements of zero carbon emission drove the continuous increase of market share of electric vehicles; the electricity limit and repeated outbreaks of epidemic brought more

variables to the production, yet they also accelerated the digital transformation of all companies. Under the overall impacts of various factors and relaxed economy, Taiwan's electronics and semiconductor industries have become the top priority in the world, thus leading to the significantly booming economy. Sinopower Semi is lucky to be on this team, and the annual revenue and profit have set record highs again by surpassing NTD 3 billion. The serious shortage of production capacity, the variables in production and the ardent demand of customers for the supply of components are constantly being staged during this period. It is expected that these problems cannot be solved anytime soon. Therefore, the team of Sinopower Semi must seize this opportunity. We set the higher goal in 2022, and the team will continue with the pace of enhancement and evolvement to get to the next level.

## Business Outcomes

In 2021, the company's net revenue was NTD 3.11575 billion, net profit after tax was NTD 437.22 million, and EPS after tax was NTD 13.09. As compared to 2020, the revenue growth was 20%, and the growths of net profit after tax and EPS after tax were both 87%.

In 2021, the company's gross profit margin was 25%, the return on shareholders' equity(ROE) was 36%, and the net profit after tax was 14%. As compared to 2020, the gross profit margin increases 7%, the increase of return on shareholders' equity was 11%, and the increase of net profit after tax was 5%.

## Financial Performance and budget implementation

### Financial Performance:

Item	2021	2020
Net revenue	3,115,758	2,600,511
Operating cost	2,326,227	2,124,074
Gross profit	789,531	476,437
Operating expenses	293,110	228,914

Operating profit	496,421	247,523
Non-operating income and expenses	36,776	17,813
Net profit before tax	533,197	265,336

**Budget implementation:** The Company and its subsidiaries did not formulate external financial forecasts for 2021.

### Profitability Index

Item	2021	2020
Return on assets (%)	22.29	16.07
Return on shareholders' equity (%)	35.91	24.97
Net profit before tax as a percentage of paid-in capital (%)	159.48	79.65
Net profit margin (%)	14.03	8.98
Basic earnings per share after tax (NTD)	13.09	7.02

### Power Device Market Overview

According to the report of DIGITIMES: it is estimated by Yole Development that the scale of global power electronic device market will grow from the USD 17.5 billion in 2020 to the USD 26.2 billion in 2026, and the total compound annual growth rate (CAGR) of market scale during 2020~2026 is 6.9%. The scale of low power market dominated by silicon MOSFET will be growing during 2020~2026 with a CAGR of 3.8%. The consumer application will continue to account for a significant share of the market demand for silicon MOSFET. The outlook of 2022 by TrendForce reveals that the consumer electronics market demand is expected to be stabilized, and the automotive market will take over from the consumer electronics market to become the major driving force for the growth of MOSFET. The scale of the entire MOSFET market will reach USD 10 billion.

MOSFET market is the largest power semiconductor device market with superior stability suitable for AC/DC Converter, DC/DC Converter, and Power

Stage, so it is often used in the fields of industry, automobile, consumer electronics, communication, and computation. From the perspective of power semiconductor device market, the applications in the field of industry, including motor control, track transportation, wireless power supply, energy control, and smart grid, usually accounts for the greatest share as high as 30%, and it is expected to reach 35% in 2021; it is followed by the 29% of automotive applications. The market of automotive and high voltage MOSFET will gradually grow along with the development of new energy vehicle/electric vehicle. In addition, the market share of consumer electronics reached 18% in 2021 due to increased demands for Notebook PC, smart phones, wearable devices, and fast charger, while the products in the fields of communication and computing account for 10% and 7% of market share respectively.

The epidemic has not yet come to an end, and the US and China trade war further accelerates the promotion of new technologies. The recent strong capacity demand of various CPU and AI chip makers, the increased production of electric vehicles (drive the third-generation power semiconductor -SiC and GaN), the shortage of automotive semiconductor in all countries, and the future of various intelligent products activated by 5G network, these all will continue to drive the market expansion of power devices.

## **Technology Development**

Due to limited wafer production capacity all over the world in 2021, most engineering resources must be dedicated to the expansion of production capacity, yet the development of new technology platform cannot be let down. In production aspect, the production capacity has been advanced from 8-inch plant to 12-in fab, and the next step will be the development of new generation process platform and exploration of new products. Sinopower Semi must continuously improve the wafer technology and packaging technology with respect to the new demand trends, major in 5G communication, AIoT, industrial/automotive, motor driver, heat dissipation fan, and battery applications. Meanwhile, we shall design the next generation products with more competitive tech for the current application fields (such as various types

of computers, consumer and network communication products, and power supply). For example, the second generation of low voltage MOSFET with higher capacitance ratio, and the mini-packaged product based on the integration of Schottky diode and MOSFET for hand-held products; the medium voltage (40~250 v) products for environmental friendly and energy saving high efficiency power supply, industrial applications, and automotive; along with the completion of new design and technology development of high voltage MOSFETs (600~800V ), that we have gradually entered the fields of power supply, charging devices, and industrial applications. We have achieved the Gen1 of new medium voltage technology, optimization of low voltage technology, and flip chip packaging, which are all required by various new products/new applications. Currently the low voltage MOSFET products have been leading in domestic industry, and we have more new products with better specifications to be introduced this year. In addition to the continuous introduction of new single-chip products, the double-chip products have begun showing significant performance on our customers' high-end models. However, the introduction of new integrated driver device, which can save the space of PCB while providing highly efficient power conversion, was delayed from 2021 to 2022 due to the limited resources. The medium-to-high voltage products are still focused on power supply, power batteries, and motor driver applications. Next year, we will be continuously strengthened the automotive products line with introducing new products. The WBG power device (SiC and GaN) has become the new direction of development for future power devices, and some items are expected to be introduced in 2022. Hopefully we can seize the most appropriate timing for market penetration to establish the next wave of growth.

The power devices industry that Sinopower Semi team is devoted, following with the technology trend of high-speed computing (HPC) /artificial intelligence (AI)/5G communications; electric vehicles/self-driving cars; robots/intelligent manufacturing/industry 4.0, etc. All fields need a larger power supply and higher efficiency of power conversion, that all Sinopower

Semi products can be performed. The continuous demand growth of the industry will not be changed, and the key to success is whether the Sinopower Semi team can seize the opportunity and create results. Although the Sinopower Semi team encounters different challenges every year, the basic principles are the same. we are fully aware that the challenges and competition faced by the Sinopower Semi team are not from outside. The efforts are on how we face our weakness, improve ourselves, and move towards to the road of continuous improvement and focus on our dedication. Make the products more in line with customer application needs, make the company operation more efficiently and havee colleagues more willing to pay and grow at the same time. Sinopower Semi will always pay attention to the changes of the market, and focus on this area of strengthen product specifications, quality improvement and customer service, and continue to do our duty for the earth's energy conservation and carbon reduction.

Finally, we would like to thank all shareholders, customers, suppliers, and all colleagues for their continuous supports and contributions.

Wish you all great health and all the best!

Chairman and President Tian-Fure Shiue

## **Sinopower Semiconductor Inc.**

### **2021 Audit Committee's review report**

The Board of Directors has prepared and submitted the company's 2021 Business Report, Financial Statement, and Earnings Distribution Proposal. The Financial Statement was reviewed by Accountant Ya-Huei Zheng and Accountant Tian-Yi Li of PwC Taiwan with review report. The Business Report, Financial Statement, and Earnings Distribution Proposal were audit by the Audit Committee to be without any discrepancy, thus this report is prepared according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act as above to be inspected.

To Sinopower Semiconductor Inc. 2022 Regular Shareholders Meeting

Sinopower Semiconductor Inc.

Chairman of the Audit Committee: Kai-Charn Young

March 23, 2022

INDEPENDENT AUDITORS' REPORT

PWCR21000484

To the Board of Directors and Shareholders of Sinopower Semiconductor Inc.

***Opinion***

We have audited the accompanying consolidated balance sheets of Sinopower Semiconductor Inc. and subsidiaries (the "Group" ) as of December 31, 2021, and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group' s 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group' s 2021 consolidated financial statements are stated as follows:

#### **Timing of sales revenue recognition**

##### Description

One of the sales transaction methods of the Group is to place inventories in distribution warehouses and sales revenue is recognised when control of the products has transferred to the customer, being when the goods are dispatched from the warehouses. Given that the consistency between the timing of delivery and timing of revenue recognition is significant to the financial statements, we considered the timing of revenue recognition from distribution warehouse sales a key audit matter.

##### How our audit addressed the matter

The audit procedures performed by us include (but are not limited to) the following:

1. Obtained an understanding and evaluated the reasonableness of its revenue recognition policy.
2. Obtained an understanding and tested the internal control procedures in relation to the sales transaction cycle to evaluate the effectiveness of management' s internal control over timing of revenue recognition
3. Sampled the sales transactions from distribution warehouses during a certain period before and after the balance sheet date, reviewed trade terms on customer purchase orders or contract documents, checked supporting documents of goods transferred provided by the warehouse custodians, assessed the timing of transferring control over goods whose sales revenue was recognised and ensured the sales transactions are recorded in proper

periods.

4. Performed conformation for the inventory quantities of significant distribution warehouses and agreed the results to the accounting records to ensure the accuracy of the distribution warehouses' inventory quantities at the end of the period.

## **Evaluation of inventories**

### Description

The Group primarily manufactures and sells products such as power discrete devices and its modules as well as high voltage power IC and its modules. Please refer to Note 4(12) for the accounting policies on evaluation of inventories and Note 5(2) for the uncertainty of accounting estimates applied on evaluation of inventories.

Given that the calculation of the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving involves estimation uncertainty and there is a huge variety in inventory items which requires substantial amount of time for performing audit procedures, we considered the evaluation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies on evaluation of inventories.
2. Checked supporting documents of inventory movement transactions and verified the appropriateness of inventory aging reports used by management for evaluation.
3. Sampled individual inventory and checked against the latest purchase or sale price information for the net realisable value for inventory evaluation and referred to inventory clearance estimated from historical information for the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving to assess the reasonableness of net realisable value.

4. Tested the comparison results of inventory cost and net realisable value and then assessed the adequacy of allowance for inventory valuation loss.

***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sinopower Semiconductor Inc. as at and for the years ended December 31, 2021, and 2020.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in

the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

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

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

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

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

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

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Cheng, Ya-Huei

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Li, Tien-Yi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 23, 2022

SINOPOWER SEMICONDUCTOR INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 703,351	29	\$ 286,292	20
1150	Notes receivable, net	6(3)	19	-	-	-
1170	Accounts receivable, net	6(3)	554,008	23	450,979	31
1180	Accounts receivable - related parties	6(3) and 7(3)	6,783	-	9,448	1
1200	Other receivables		463	-	3,990	-
130X	Inventory	6(4)	503,586	20	353,679	24
1410	Prepayments		32,958	1	36,422	2
11XX	<b>Current Assets</b>		<u>1,801,168</u>	<u>73</u>	<u>1,140,810</u>	<u>78</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	240,092	10	73,623	5
1600	Property, plant, and equipment	6(5)	216,140	9	203,109	14
1755	Right-of-use assets	6(6)	8,909	-	14,750	1
1780	Intangible assets		977	-	1,693	-
1840	Deferred income tax assets		12,308	-	13,725	1
1900	Other non-current assets	6(8)	185,657	8	10,831	1
15XX	<b>Non-current assets</b>		<u>664,083</u>	<u>27</u>	<u>317,731</u>	<u>22</u>
1XXX	<b>Total assets</b>		<u>\$ 2,465,251</u>	<u>100</u>	<u>\$ 1,458,541</u>	<u>100</u>

(Continued)

SINOPOWER SEMICONDUCTOR INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2170	Accounts payable		\$ 467,967	19	\$ 310,248	21
2200	Other payables	6(9)	152,246	6	90,045	6
2230	Current income tax liabilities	6(22)	96,687	4	36,269	3
2280	Current lease liabilities		5,822	-	5,814	-
2300	Other current liabilities		1,323	-	5,933	1
21XX	<b>Current Liabilities</b>		<u>724,045</u>	<u>29</u>	<u>448,309</u>	<u>31</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities		1,460	-	1,063	-
2580	Non-current lease liabilities		2,122	-	7,921	-
2600	Other non-current liabilities		294,190	12	9,399	1
25XX	<b>Non-current liabilities</b>		<u>297,772</u>	<u>12</u>	<u>18,383</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>		<u>1,021,817</u>	<u>41</u>	<u>466,692</u>	<u>32</u>
<b>Equity</b>						
	Share capital	6(11)				
3110	Share capital - common stock		334,330	14	333,130	23
	Capital surplus	6(12)				
3200	Capital surplus		105,156	4	91,896	6
	Retained earnings	6(13)				
3310	Legal reserve		146,606	6	123,256	9
3350	Unappropriated retained earnings		674,827	27	427,521	29
	Other equity interest	6(14)				
3400	Other equity interest		182,515	8	16,046	1
3XXX	<b>Total equity</b>		<u>1,443,434</u>	<u>59</u>	<u>991,849</u>	<u>68</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,465,251</u>	<u>100</u>	<u>\$ 1,458,541</u>	<u>100</u>

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

**INOPOWER SEMICONDUCTOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15)	\$ 3,115,758	100	\$ 2,600,511	100
5000 Operating costs	6(4)	( 2,326,227)	( 75)	( 2,124,074)	( 82)
5900 Net operating margin		<u>789,531</u>	<u>25</u>	<u>476,437</u>	<u>18</u>
Operating expenses	6(20)(21)				
6100 Selling expenses		( 99,196)	( 3)	( 78,333)	( 3)
6200 General & administrative expenses		( 62,898)	( 2)	( 49,788)	( 2)
6300 Research and development expenses		( 131,016)	( 4)	( 100,793)	( 4)
6000 Total operating expenses		( 293,110)	( 9)	( 228,914)	( 9)
6900 Operating profit		<u>496,421</u>	<u>16</u>	<u>247,523</u>	<u>9</u>
Non-operating income and expenses					
7100 Interest income	6(16)	901	-	1,771	-
7010 Other income	6(17)	5,593	-	5,474	-
7020 Other gains and losses	6(18)	30,441	1	11,368	1
7050 Finance costs	6(19)	( 159)	-	( 800)	-
7000 Total non-operating revenue and expenses		<u>36,776</u>	<u>1</u>	<u>17,813</u>	<u>1</u>
7900 Profit before income tax		533,197	17	265,336	10
7950 Income tax (expense) benefit	6(22)	( 95,976)	( 3)	( 31,840)	( 1)
8200 Profit for the year		<u>\$ 437,221</u>	<u>14</u>	<u>\$ 233,496</u>	<u>9</u>
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealised gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	\$ 166,469	5	\$ 5,863	-
8300 Other comprehensive income		<u>\$ 166,469</u>	<u>5</u>	<u>\$ 5,863</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 603,690</u>	<u>19</u>	<u>\$ 239,359</u>	<u>9</u>
Earnings per share	6(23)				
9750 Basic earnings per share		\$	13.09	\$	7.02
9850 Diluted earnings per share		\$	12.83	\$	6.93

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

SINOPOWER SEMICONDUCTOR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 YEARS ENDED DECEMBER 31, 2021 AND 2020  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent					Total Unrealised gains from financial assets measured at fair value through other comprehensiv e income	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriat ed retained earnings		
<u>2020</u>								
Balance at January 1, 2020		\$ 330,630	\$ 78,346	\$ 103,020	\$ 5,826	\$ 350,606	\$ 10,183	\$ 878,611
Profit for the period		-	-	-	-	233,496	-	233,496
Other comprehensive income for the period	6(2)	-	-	-	-	-	5,863	5,863
Total comprehensive income		-	-	-	-	233,496	5,863	239,359
Distribution of 2019 earnings:	6(13)							
Legal reserve		-	-	20,236	-	( 20,236 )	-	-
Special reserve		-	-	-	( 5,826 )	5,826	-	-
Cash dividends		-	-	-	-	( 142,171 )	-	( 142,171 )
Capitalisation of employee compensation	6(11)(12)	2,500	13,550	-	-	-	-	16,050
Balance on December 31, 2020		<u>\$ 333,130</u>	<u>\$ 91,896</u>	<u>\$ 123,256</u>	<u>\$ -</u>	<u>\$ 427,521</u>	<u>\$ 16,046</u>	<u>\$ 991,849</u>
<u>2021</u>								
Balance on January 1, 2021		\$ 333,130	\$ 91,896	\$ 123,256	\$ -	\$ 427,521	\$ 16,046	\$ 991,849
Profit for the period		-	-	-	-	437,221	-	437,221
Other comprehensive income for the period	6(2)	-	-	-	-	-	166,469	166,469
Total comprehensive income		-	-	-	-	437,221	166,469	603,690
Distribution of 2020 earnings:	6(13)							
Legal reserve		-	-	23,350	-	( 23,350 )	-	-
Cash dividends		-	-	-	-	( 166,565 )	-	( 166,565 )
Capitalisation of employee compensation	6(11)(12)	1,200	13,260	-	-	-	-	14,460
Balance on December 31, 2021		<u>\$ 334,330</u>	<u>\$ 105,156</u>	<u>\$ 146,606</u>	<u>\$ -</u>	<u>\$ 674,827</u>	<u>\$ 182,515</u>	<u>\$ 1,443,434</u>

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

SINOPOWER SEMICONDUCTOR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

\	Notes	Year ended December 31	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 533,197	\$ 265,336
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(20)	25,527	22,547
Amortization	6(20)	1,650	1,812
Interest income	6(16)	( 901 )	( 1,771 )
Dividend income	6(18)	( 4,484 )	( 3,734 )
Interest expense	6(19)	159	800
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 19 )	-
Accounts receivable (including related parties)		( 100,364 )	( 34,076 )
Other receivables		3,527	( 2,803 )
Inventories		( 149,907 )	303,926
Prepayments (including long-term prepayments-noncurrent)		( 105,774 )	( 627 )
Changes in operating liabilities			
Accounts payable		157,719	( 26,534 )
Other payables		76,244	27,489
Other current liabilities		( 4,610 )	3,757
Cash inflow generated from operations		431,964	556,122
Interest received		901	1,771
Dividends received		4,484	3,734
Interest paid		( 159 )	( 800 )
Income tax paid		( 33,743 )	( 16,638 )
Net cash flows from operating activities		<u>403,447</u>	<u>544,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant, and equipment	6(24)	( 32,301 )	( 162,574 )
Acquisition of intangible assets		( 934 )	( 40 )
(Increase) decrease in refundable deposits		( 65,588 )	2,442
Net cash flows used in investing activities		<u>( 98,823 )</u>	<u>( 160,172 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings		-	( 120,000 )
Increase in guaranteed deposits		284,791	-
Repayment of principal portion of lease liabilities		( 5,791 )	( 8,655 )
Cash dividends paid	6(13)	( 166,565 )	( 142,171 )
Net cash flows from (used in) financing activities		<u>112,435</u>	<u>( 270,826 )</u>
Net increase in cash and cash equivalents		417,059	113,191
Cash and cash equivalents at beginning of year		286,292	173,101
Cash and cash equivalents at end of year		<u>\$ 703,351</u>	<u>\$ 286,292</u>

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

INDEPENDENT AUDITORS' REPORT

PWCR21000483

To the Board of Directors and Shareholders of Sinopower Semiconductor Inc.

***Opinion***

We have audited the accompanying balance sheets of Sinopower Semiconductor Inc. as of December 31, 2021, and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sinopower Semiconductor Inc. as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sinopower Semiconductor Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Sinopower Semiconductor Inc.' s 2021 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Sinopower Semiconductor Inc.' s 2021 financial statements are stated as follows:

#### **Timing of sales revenue recognition**

##### Description

One of the sales transaction methods of the Group is to place inventories in distribution warehouses and sales revenue is recognised when control of the products has transferred to the customer, being when the goods are dispatched from the warehouses. Given that the consistency between the timing of delivery and timing of revenue recognition is significant to the financial statements, we considered the timing of revenue recognition from distribution warehouse sales a key audit matter.

##### How our audit addressed the matter

The audit procedures performed by us include (but are not limited to) the following:

1. Obtained an understanding and evaluated the reasonableness of its revenue recognition policy.
2. Obtained an understanding and tested the internal control procedures in relation to the sales transaction cycle to evaluate the effectiveness of management' s internal control over timing of revenue recognition
3. Sampled the sales transactions from distribution warehouses during a certain period before and after the balance sheet date, reviewed trade terms on

customer purchase orders or contract documents, checked supporting documents of goods transferred provided by the warehouse custodians, assessed the timing of transferring control over goods whose sales revenue was recognised and ensured the sales transactions are recorded in proper periods.

4. Performed conformation for the inventory quantities of significant distribution warehouses and agreed the results to the accounting records to ensure the accuracy of the distribution warehouses' inventory quantities at the end of the period.

## **Evaluation of inventories**

### Description

Sinopower Semiconductor Inc. primarily manufactures and sells products such as power discrete devices and its modules as well as high voltage power IC and its modules. Please refer to Note 4(119) for the accounting policies on evaluation of inventories and Note 5(2) for the uncertainty of accounting estimates applied on evaluation of inventories.

Given that the calculation of the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving involves estimation uncertainty and there is a huge variety in inventory items which requires substantial amount of time for performing audit procedures, we considered the evaluation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies on evaluation of inventories.
2. Checked supporting documents of inventory movement transactions and verified the appropriateness of inventory aging reports used by management for evaluation.

3. Sampled individual inventory and checked against the latest purchase or sale price information for the net realisable value for inventory evaluation and referred to inventory clearance estimated from historical information for the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving to assess the reasonableness of net realisable value.
4. Tested the comparison results of inventory cost and net realisable value and then assessed the adequacy of allowance for inventory valuation loss.

### ***Responsibilities of management and those charged with governance for the financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing Sinopower Semiconductor Inc.'s financial reporting process.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error,

and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

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

date of our auditor' s report. However, future events or conditions may cause Sinopower Semiconductor Inc. to cease to continue as a going concern.

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

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

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

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

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Cheng, Ya-Huei

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Li, Tien-Yi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 23, 2022

SINOPOWER SEMICONDUCTOR INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 696,156	28	\$ 286,292	20
1150	Notes receivable, net	6(3)	19	-	-	-
1170	Accounts receivable, net	6(3)	554,008	23	450,979	31
1180	Accounts receivable - related parties	6(3)	6,783	-	9,448	1
1200	Other receivables		463	-	3,990	-
130X	Inventory	6(4)	503,586	21	353,679	24
1410	Prepayments		32,954	1	36,422	2
11XX	<b>Current Assets</b>		<u>1,793,969</u>	<u>73</u>	<u>1,140,810</u>	<u>78</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	240,092	10	73,623	5
1550	Investments accounted for under equity method		9,718	-	-	-
1600	Property, plant, and equipment	6(5)	216,140	9	203,109	14
1755	Right-of-use assets	6(6)	8,909	-	14,750	1
1780	Intangible assets		977	-	1,693	-
1840	Deferred income tax assets	6(22)	12,308	1	13,725	1
1900	Other non-current assets	6(8)	182,873	7	10,831	1
15XX	<b>Non-current assets</b>		<u>671,017</u>	<u>27</u>	<u>317,731</u>	<u>22</u>
1XXX	<b>Total assets</b>		<u>\$ 2,464,986</u>	<u>100</u>	<u>\$ 1,458,541</u>	<u>100</u>

(Continued)

SINOPOWER SEMICONDUCTOR INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2170	Accounts payable		\$ 467,967	19	\$ 310,248	21
2180	Accounts payable - related parties	7(2)	1,644	-	-	-
2200	Other payables	6(9)	150,337	6	90,045	6
2230	Current income tax liabilities		96,687	4	36,269	3
2280	Current lease liabilities		5,822	-	5,814	-
2300	Other current liabilities		1,323	-	5,933	1
21XX	<b>Current Liabilities</b>		<u>723,780</u>	<u>29</u>	<u>448,309</u>	<u>31</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(22)	1,460	-	1,063	-
2580	Non-current lease liabilities		2,122	-	7,921	-
2600	Net defined benefit liability - noncurrent		294,190	12	9,399	1
25XX	<b>Non-current liabilities</b>		<u>297,772</u>	<u>12</u>	<u>18,383</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>		<u>1,021,552</u>	<u>41</u>	<u>466,692</u>	<u>32</u>
<b>Equity</b>						
	Share capital	6(11)				
3110	Share capital - common stock		334,330	14	333,130	23
	Capital surplus	6(12)				
3200	Capital surplus		105,156	4	91,896	6
	Retained earnings	6(13)				
3310	Legal reserve		146,606	6	123,256	9
3350	Unappropriated retained earnings		674,827	27	427,521	29
	Other equity interest	6(14)				
3400	Other equity interest		182,515	8	16,046	1
3XXX	<b>Total equity</b>		<u>1,443,434</u>	<u>59</u>	<u>991,849</u>	<u>68</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,464,986</u>	<u>100</u>	<u>\$ 1,458,541</u>	<u>100</u>

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

SINOPOWER SEMICONDUCTOR INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2021		2022	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15)	\$ 3,115,758	100	\$ 2,600,511	100
5000 Operating costs	6(4)	( 2,326,281)	( 75)	( 2,124,074)	( 82)
5900 Net operating margin		<u>789,477</u>	<u>25</u>	<u>476,437</u>	<u>18</u>
Operating expenses	6(20)(21)				
6100 Selling expenses		( 98,928)	( 3)	( 78,333)	( 3)
6200 General & administrative expenses		( 62,837)	( 2)	( 49,788)	( 2)
6300 Research and development expenses		( 131,016)	( 4)	( 100,793)	( 4)
6000 Total operating expenses		<u>( 292,781)</u>	<u>( 9)</u>	<u>( 228,914)</u>	<u>( 9)</u>
6900 Operating profit		<u>496,696</u>	<u>16</u>	<u>247,523</u>	<u>9</u>
Non-operating income and expenses					
7100 Interest income	6(16)	900	-	1,771	-
7010 Other income	6(17)	5,593	-	5,474	-
7020 Other gains and losses	6(18)	30,449	1	11,368	1
7050 Finance costs	6(19)	( 159)	-	( 800)	-
7070 Share of loss of associates and joint ventures accounted for using equity method, net		( 282)	-	-	-
7000 Total non-operating revenue and expenses		<u>36,501</u>	<u>1</u>	<u>17,813</u>	<u>1</u>
7900 Profit before income tax		<u>533,197</u>	<u>17</u>	<u>265,336</u>	<u>10</u>
7950 Income tax (expense) benefit	6(22)	( 95,976)	( 3)	( 31,840)	( 1)
		<u>437,221</u>	<u>14</u>	<u>233,496</u>	<u>9</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316 Unrealised gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	<u>166,469</u>	<u>5</u>	<u>5,863</u>	<u>-</u>
8300 Other comprehensive income		<u>\$ 166,469</u>	<u>5</u>	<u>\$ 5,863</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 603,690</u>	<u>19</u>	<u>\$ 239,359</u>	<u>9</u>
Earnings per share	6(23)				
9750 Basic earnings per share		<u>\$</u>	<u>13.09</u>	<u>\$</u>	<u>7.02</u>
9850 Diluted earnings per share		<u>\$</u>	<u>12.83</u>	<u>\$</u>	<u>6.93</u>

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

SINOPOWER SEMICONDUCTOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings				Total Unrealised gains from financial assets measured at fair value through other comprehensiv e income	
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriat ed retained earnings		Total equity
<u>2020</u>								
Balance on January 1, 2020		\$ 330,630	\$ 78,346	\$ 103,020	\$ 5,826	\$ 350,606	\$ 10,183	\$ 878,611
Profit for the period		-	-	-	-	233,496	-	233,496
Other comprehensive income for the period	6(2)	-	-	-	-	-	5,863	5,863
Total comprehensive income		-	-	-	-	233,496	5,863	239,359
Distribution of 2019 earnings:	6(13)							
Legal reserve		-	-	20,236	-	( 20,236 )	-	-
Special reserve		-	-	-	( 5,826 )	5,826	-	-
Cash dividends		-	-	-	-	( 142,171 )	-	( 142,171 )
Capitalisation of employee compensation	6(11)(12)	2,500	13,550	-	-	-	-	16,050
Balance on December 31, 2020		<u>\$ 333,130</u>	<u>\$ 91,896</u>	<u>\$ 123,256</u>	<u>\$ -</u>	<u>\$ 427,521</u>	<u>\$ 16,046</u>	<u>\$ 991,849</u>
<u>2021</u>								
Balance on January 1, 2021		\$ 333,130	\$ 91,896	\$ 123,256	\$ -	\$ 427,521	\$ 16,046	\$ 991,849
Profit for the period		-	-	-	-	437,221	-	437,221
Other comprehensive income for the period	6(2)	-	-	-	-	-	166,469	166,469
Total comprehensive income		-	-	-	-	437,221	166,469	603,690
Distribution of 2020 earnings:	6(13)							
Legal reserve		-	-	23,350	-	( 23,350 )	-	-
Cash dividends		-	-	-	-	( 166,565 )	-	( 166,565 )
Capitalisation of employee compensation	6(11)(12)	1,200	13,260	-	-	-	-	14,460
Balance on December 31, 2021		<u>\$ 334,330</u>	<u>\$ 105,156</u>	<u>\$ 146,606</u>	<u>\$ -</u>	<u>\$ 674,827</u>	<u>\$ 182,515</u>	<u>\$ 1,443,434</u>

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

SINOPOWER SEMICONDUCTOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 533,197	\$ 265,336
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(5)(6)(20)	25,527	22,547
Amortization expense	6(20)	1,650	1,812
Interest expense	6(16)	( 900 )	( 1,771 )
Dividend income	6(17)	( 4,484 )	( 3,734 )
Share of profit (loss) of associates and joint ventures accounted for using equity method		282	-
Interest expense	6(19)	159	800
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 19 )	-
Accounts receivable (including related parties)		( 100,364 )	( 34,076 )
Other receivables		3,527	( 2,803 )
Inventories		( 149,907 )	303,926
Prepayments (including long-term prepayment-noncurrent)		( 105,770 )	( 627 )
Changes in operating liabilities			
Accounts payable		159,363	( 26,534 )
Other payables		74,335	27,489
Other current liabilities		( 4,610 )	3,757
Cash inflow generated from operations		431,986	556,122
Interest received		900	1,771
Dividends received		4,484	3,734
Interest paid		( 159 )	( 800 )
Income tax paid		( 33,743 )	( 16,638 )
Net cash flows from operating activities		<u>403,468</u>	<u>544,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant, and equipment		( 32,301 )	( 162,574 )
Acquisition of intangible assets		( 934 )	( 40 )
(Increase) decrease in refundable deposits		( 62,804 )	2,442
Acquisition of Investments accounted for using equity method		( 10,000 )	-
Net cash flows used in investing activities		<u>( 106,039 )</u>	<u>( 160,172 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings		-	( 120,000 )
Increase in guaranteed deposits		284,791	-
Repayment of principal portion of lease liabilities		( 5,791 )	( 8,655 )
Cash dividends paid	6(13)	( 166,565 )	( 142,171 )
Net cash flows from (used in) financing activities		<u>112,435</u>	<u>( 270,826 )</u>
Net increase in cash and cash equivalents		409,864	113,191
Cash and cash equivalents at beginning of year		286,292	173,101
Cash and cash equivalents at end of year		<u>\$ 696,156</u>	<u>\$ 286,292</u>

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

## Sinopower Semiconductor Inc. 2021 Earnings Distribution Table

Unit: NTD

Item	Amount
Accumulated earnings at the beginning of period	237,606,538
Add: net profit after tax of this period	437,221,250
Subtract: statutory reserve	(43,722,125)
Distributable earnings	631,105,663
Earnings distribution items:	
1. Shareholder dividend - cash (NTD 7.20 per share)	240,717,600
2. Shareholder dividend - stock (NTD 0 per share)	0
Undistributed earnings at the end of period	390,388,063

## Note:

1. The company's distribution principle is based on the priority of distributing earnings of 2021, and the shortfall shall be allocated according to the year in which the earning is generated, on a first-in, first-out basis.
2. The payout rate shall be calculated based on the total number of outstanding shares at 33,433,000 issued on March 23, 2022; the actual distributed about per thousand shares is calculated based on the number of issued and outstanding on the ex-rights/ex-dividend base date.
3. This cash dividend is calculated based on the distribution ratio down to 1 NTD, and the amount less than 1 NTD will be rounded off. The sum of all amounts less than 1 NTD will be listed as other income of the company.

**Comparison Table Illustrating the Original and Amended Text of the  
“Procedures Governing the Acquisition or Disposal of Assets”**

Article	Amended clause	Original clause	Reason for amendment
Article 5	<p>As for the appraisal reports or opinions of accountants, lawyers, or securities underwriters acquired by our company, the professional appraisers and the appraisal personnel, accountants, lawyers, or securities underwriters shall meet the following regulations:</p> <ol style="list-style-type: none"> <li>1. They have never been sentences to imprisonment for more than one year for violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or committing fraud, breach of trust, embezzlement, forgery of documents, or business crimes. However, the cases where three years have elapses since the person served the entire imprisonment, or since the expiration of the suspended sentence, or since the amnesty are not subject to this restriction.</li> <li>2. They must not be related parties or substantive related parties to the transaction counterpart.</li> <li>3. If the company is to acquire the appraisal reports from more than two appraisers, the different professional appraisers or appraisal personnel must not be related parties or substantive related parties to each other.</li> </ol> <p>The issuance of appraisal reports or</p>	<p>As for the appraisal reports or opinions of accountants, lawyers, or securities underwriters acquired by the company, the appraisals and the appraisers, accountants, lawyers, or securities underwriters shall meet the following regulations:</p> <ol style="list-style-type: none"> <li>1. They have never been sentences to imprisonment for more than one year for violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or committing fraud, breach of trust, embezzlement, forgery of documents, or business crimes. However, the cases where three years have elapses since the person served the entire imprisonment, or since the expiration of the suspended sentence, or since the amnesty are not subject to this restriction.</li> <li>2. They must not be related parties or substantive related parties to the transaction counterpart.</li> <li>3. If the company is to acquire the appraisal reports from more than two appraisers, the different professional appraisers or appraisal</li> </ol>	<p>It is amended according to the “Standards for Acquisition or Disposal of Assets by Publicly Listed Company” in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>opinions by personnel shall be subject to the self-discipline regulations of the trade associations to which they belong and the following matters:</p> <ol style="list-style-type: none"> <li>1. The undertaker of the case shall carefully evaluate his/her own professional capability, practical experience, and independence in advance.</li> <li>2. During <b>the execution</b> of a case, operating procedures shall be properly planned and implemented to form a conclusion as the basis for the issuance of a report or opinion; and the implementation procedures, collected data, and conclusion shall be recorded in detail in the working paper of the case.</li> <li>3. The <b>appropriateness</b> and rationality of data sources, parameters, and information used shall be evaluated item by item as the basis for issuing appraisal reports or opinions.</li> <li>4. The statement shall point out that the relevant personnel are professional and independent, and the information used for the evaluation is <b>appropriate</b>, reasonable, and in compliance with laws and regulations.</li> </ol>	<p>personnel must not be related parties or substantive related parties to each other.</p> <p>The issuance of appraisal reports or opinions by personnel shall be subject to the following matters:</p> <ol style="list-style-type: none"> <li>1. The undertaker of the case shall carefully evaluate his/her own professional capability, practical experience, and independence in advance.</li> <li>2. During the audit of a case, operating procedures shall be properly planned and implemented to form a conclusion as the basis for the issuance of a report or opinion; and the implementation procedures, collected data, and conclusion shall be recorded in detail in the working paper of the case.</li> <li>3. The <b>integrity, correctness</b>, and rationality of data sources, parameters, and information used shall be evaluated item by item as the basis for issuing appraisal reports or opinions.</li> <li>4. The statement shall point out that the relevant personnel are professional and independent, and the information used for the evaluation is reasonable, <b>correct</b>, and in compliance with laws and</li> </ol>	

Article	Amended clause	Original clause	Reason for amendment
		regulations.	
Article 7	<p>The limits on the acquisition of non-business real estate or right-of-use assets or marketable securities</p> <p>1. The limits on the company' s acquisition of non-business real estate or right-of-use assets or marketable securities are as shown below:</p> <p>(1) The amount of investment in individual marketable securities must not exceed <b>50%</b> of net value of the most recent financial statement.</p> <p>(2) The total amount of purchase of non-business real estate or its right-of-use assets or investment in marketable securities must not exceed <b>100%</b> of net value of the most recent financial report.</p> <p>2. The scope of amount of acquisition of non-business real estate or its right-of-use assets or investment in marketable securities by the subsidiaries of the company shall be subject to the company' s regulations. However, the total amount of investment in marketable securities by the subsidiary specialized in investment must not exceed the net value of the most recent financial statement of that subsidiary.</p>	<p>The limits on the acquisition of non-business real estate or right-of-use assets or marketable securities</p> <p>1. The limits on the company' s acquisition of non-business real estate or right-of-use assets or marketable securities are as shown below:</p> <p>(1) The amount of investment in individual marketable securities must not exceed <b>10%</b> of net value of the most recent financial statement.</p> <p>(2) The total amount of purchase of non-business real estate or its right-of-use assets or investment in marketable securities must not exceed <b>50%</b> of net value of the most recent financial report.</p> <p>2. The scope of amount of acquisition of non-business real estate or its right-of-use assets or investment in marketable securities by the subsidiaries of the company shall be subject to the company' s regulations. However, the total amount of investment in marketable securities by the subsidiary specialized in investment must not exceed the net value of the most recent financial statement of that subsidiary.</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
Article 8	<p>1. Price determination method and reference</p> <p>The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the date of acquisition or disposal of securities to serve as the reference for evaluating the transaction price:</p> <p>(1) The acquisition or disposal of securities which have been traded on the centralized exchange market or the business office of a securities firm shall be determined according to the market price at that time.</p> <p>(2) The acquisition or disposal of securities which have not been traded on the centralized exchange market or the business office of a securities firm shall take into consideration its net value per share, profitability, future development potential, market interest rate, coupon rate, the debtor's credit, and the transaction price at that time.</p> <p>2. Commissioning experts to provide opinions</p> <p>The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the acquisition or disposal of securities to serve as the reference for evaluating the transaction price. If the transaction amount exceeds 20% of the company's paid-in capital or NTD 300 million, an accountant shall be consulted before the actual occurrence</p>	<p>1. Price determination method and reference</p> <p>The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the date of acquisition or disposal of securities to serve as the reference for evaluating the transaction price:</p> <p>(1) The acquisition or disposal of securities which have been traded on the centralized exchange market or the business office of a securities firm shall be determined according to the market price at that time.</p> <p>(2) The acquisition or disposal of securities which have not been traded on the centralized exchange market or the business office of a securities firm shall take into consideration its net value per share, profitability, future development potential, market interest rate, coupon rate, the debtor's credit, and the transaction price at that time.</p> <p>2. Commissioning experts to provide opinions</p> <p>The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the acquisition or disposal of securities to serve as the</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>date to provide an opinion on the rationality of transaction price. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the FSC.</p> <p>3~5 (omitted)</p>	<p>reference for evaluating the transaction price. If the transaction amount exceeds 20% of the company' s paid-in capital or NTD 300 million, an accountant shall be consulted before the actual occurrence date to provide an opinion on the rationality of transaction price. <a href="#"><u>If the accountant needs to adopt any expert report, it shall be subject to the rule No.20 of Auditing Standards Bulletin published by Accounting Research and Development Foundation.</u></a></p> <p>However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the FSC.</p> <p>3~5 (omitted)</p>	
Article 9	<p>1. Price determination method and reference</p> <p>The acquisition or disposal of real estate or its right-of-use assets shall be signed and explained by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or tendering by referring to the announced current value, appraisal value, actual transaction price of adjacent real estate, and recent transaction price of similar assets.</p> <p>The acquisition of equipment or its right-of-use assets shall be signed and explained</p>	<p>1. Price determination method and reference</p> <p>The acquisition or disposal of real estate or its right-of-use assets shall be signed and explained by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or tendering by referring to the announced current value, appraisal value, actual transaction price of adjacent real estate, and recent transaction price of similar assets.</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or tendering by referring to recent transaction price of similar assets.</p> <p>2. Commissioning experts to issue appraisal report</p> <p>Except for transactions with domestic government agencies, contracted construction on its own land, contracted construction on leased land, or acquisition or disposal of equipment for business or its right-of-use assets, the acquisition or disposal of real estate, equipment, or its right-of-use assets with transaction amount reaching 20% of the company' s paid-in-capital or exceeding NTD 300 million will require the appraisal report issued by the professional appraiser before the date of occurrence of the fact to be in compliance with the following regulations:</p> <p>(1) If a limited price, a specific price, or a special price must be used as the reference for the transaction price due to special reasons, the transaction should be approved by the board of directors in advance, and the same shall apply when the transaction conditions are changed subsequently</p> <p>(2) The case in which the transaction amount exceeds NTD 1 billion will require the appraisal by more than two professional appraisers.</p> <p>(3) If any of the following situations applies</p>	<p>The acquisition of equipment or its right-of-use assets shall be signed and explained by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or tendering by referring to recent transaction price of similar assets.</p> <p>2. Commissioning experts to issue appraisal report</p> <p>Except for transactions with domestic government agencies, contracted construction on its own land, contracted construction on leased land, or acquisition or disposal of equipment for business or its right-of-use assets, the acquisition or disposal of real estate, equipment, or its right-of-use assets with transaction amount reaching 20% of the company' s paid-in-capital or exceeding NTD 300 million will require the appraisal report issued by the professional appraiser before the date of occurrence of the fact to be in compliance with the following regulations:</p> <p>(1) If a limited price, a specific price, or a special price must be used as the reference for the transaction price due to special reasons, the transaction should be approved by</p>	<p>on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>to the appraisal result of a professional appraiser, an accountant <u>shall</u> be consulted to express specific opinions on the reason for this difference and the appropriateness of transaction price except for the cases where the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount:</p> <ol style="list-style-type: none"> <li>1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</li> <li>2. The difference between the appraisal results of more than two professional appraisers is more than 10% of the transaction amount.</li> </ol> <p>(4) The date of report issued by professional appraiser must not be more than 3 months away from the contract date. However, if the current announced value of the same period is applicable and less than six months have passed, the original professional appraiser may issue a written opinion.</p> <p>For the acquisition and disposal of assets through court auction procedures, the appraisal report or accountant' s opinion can be replaced by the certification documents issued by the court.</p> <p>3~5 (omitted)</p>	<p>the board of directors in advance, and the same shall apply when the transaction conditions are changed subsequently</p> <p>(2) The case in which the transaction amount exceeds NTD 1 billion will require the appraisal by more than two professional appraisers.</p> <p>(3) If any of the following situations applies to the appraisal result of a professional appraiser, an accountant shall be consulted to <a href="#">follow the rule No.20 of Auditing Standards Bulletin published by Accounting Research and Development Foundation, and</a> express specific opinions on the reason for this difference and the appropriateness of transaction price except for the cases where the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount:</p> <ol style="list-style-type: none"> <li>1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</li> <li>2. The difference between the appraisal results of more than two professional appraisers is more than 10% of the transaction</li> </ol>	

Article	Amended clause	Original clause	Reason for amendment
		<p>amount.</p> <p>(4) The date of report issued by professional appraiser must not be more than 3 months away from the contract date. However, if the current announced value of the same period is applicable and less than six months have passed, the original professional appraiser may issue a written opinion.</p> <p>For the acquisition and disposal of assets through court auction procedures, the appraisal report or accountant' s opinion can be replaced by the certification documents issued by the court.</p> <p>3~5 (omitted)</p>	
Article 10	<p>In addition to following the clauses, the acquisition or disposal of assets by the company and related parties shall go through the resolution procedures and the assessment of the rationality of transaction conditions according to the following regulations, and the appraisal report issued by professional appraiser or accountant' s opinion shall be acquired according to this procedure for those with transaction amount exceeds 10% of the total company assets. The calculation of transaction amount shall be subject to Article 11-1. The determination of whether the transaction counterparty is a related party shall take into consideration its legal form and substantive relationship.</p> <p>1. For the acquisition or disposal of real-</p>	<p>In addition to following the clauses, the acquisition or disposal of assets by the company and related parties shall go through the resolution procedures and the assessment of the rationality of transaction conditions according to the following regulations, and the appraisal report issued by professional appraiser or accountant' s opinion shall be acquired according to this procedure for those with transaction amount exceeds 10% of the total company assets. The calculation of transaction amount shall be subject to Article 11-1. The determination of whether the</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>estate or its right-of-use assets from related parties, or the acquisition or disposal of assets other than real-estate or its right-of-use assets from related parties with transaction amount exceeding 20% of the company' s paid-in capital, 10% of the company' s total assets, or NTD 300 million, except for the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to board of directors to be approved and to Audit Committee to be reviewed before the transaction contract can be signed and the payment can be made:</p> <p>(1) The purpose, necessity and expected benefits of acquisition or disposal of assets.</p> <p>(2) The reason for selecting the related party as the transaction counterparty.</p> <p>(3) For the acquisition of real-estate or its right-of-use assets from related parties, the data related to the rationality of pre-determined transaction conditions shall be assessed according to Paragraph 2 Item 2 and Item 3 of this Article.</p> <p>(4) The original acquisition date, price, and transaction counterpart of the related party, and its relationship with the company and the related party.</p> <p>(5) Composition of cash balance forecast table of each month of the coming year</p>	<p>transaction counterparty is a related party shall take into consideration its legal form and substantive relationship.</p> <p>1. For the acquisition or disposal of real-estate or its right-of-use assets from related parties, or the acquisition or disposal of assets other than real-estate or its right-of-use assets from related parties with transaction amount exceeding 20% of the company' s paid-in capital, 10% of the company' s total assets, or NTD 300 million, except for the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to board of directors to be approved and to Audit Committee to be reviewed before the transaction contract can be signed and the payment can be made:</p> <p>(1) The purpose, necessity and expected benefits of acquisition or disposal of assets.</p> <p>(2) The reason for selecting the related party as the transaction counterparty.</p> <p>(3) For the acquisition of real-estate or its right-of-use assets from</p>	

Article	Amended clause	Original clause	Reason for amendment
	<p>starting from the month of contract signing, with assessment of necessity of transaction and the rationality of use of funds.</p> <p>(6) The appraisal report issued by professional appraiser or accountant' s opinion acquired according to Paragraph 1 of this Article.</p> <p>(7) Restrictions on this transaction and other important agreements.</p> <p>For the acquisition of disposal of business equipment via the following transactions between the company and the parent company, subsidiaries, or subsidiaries with 100% issued shares or total paid-in-capital owned by the company, the board of directors may authorize the Chairman to implement this case without a certain amount according to the prescribed operation procedure in advance, and then report to the latest board meeting for ratification afterward:</p> <p>(1) Acquisition or disposal of equipment for business or its right-of-use assets.</p> <p>(2) Acquisition or disposal of real estate for business or its right-of-use assets.</p> <p>For those who have established independent directors in accordance with the Securities and Exchange Act, the issue submitted to the board meeting to be discussed according to the regulation shall take thorough consideration of opinions by each independent director. Any objection or reservation by the independent director shall be addressed in</p>	<p>related parties, the data related to the rationality of pre-determined transaction conditions shall be assessed according to Paragraph 2 Item 2 and Item 3 of this Article.</p> <p>(4) The original acquisition date, price, and transaction counterpart of the related party, and its relationship with the company and the related party.</p> <p>(5) Composition of cash balance forecast table of each month of the coming year starting from the month of contract signing, with assessment of necessity of transaction and the rationality of use of funds.</p> <p>(6) The appraisal report issued by professional appraiser or accountant' s opinion acquired according to Paragraph 1 of this Article.</p> <p>(7) Restrictions on this transaction and other important agreements.</p> <p>The calculation of transaction amount shall be subject to Article 15 Paragraph 2. The so-called one year shall start retrospectively from the date of occurrence of the fact of this transaction. The part which was submitted to board of directors for approval and to Audit Committee for discussion does not need to be included.</p> <p>For the acquisition of disposal of</p>	

Article	Amended clause	Original clause	Reason for amendment
	<p>the minutes of board meeting.</p> <p>If there is Audit Committee established according to the Securities and Exchange Act, the issue to be discussed by the Audit Committee according to Paragraph 1 shall be approved by more than half of the members of Audit Committee to be submitted to the board of directors for resolution according to Article 6 Paragraph 4 and 5.</p> <p><u>If the company or the company' s subsidiary which is not a domestic publicly listed company in engaged in the transaction listed in Paragraph 1 and the transaction amount exceeds 10% of the total assets of the publicly listed company, the publicly listed company shall submit all data listed in Paragraph 1 to the shareholders' meeting for approval before the transaction contract can be signed and the payment can be made. However, the transactions between the publicly listed company and its parent company and subsidiary, or the transactions between the subsidiaries are not subject to this restriction. The calculation of transaction amount in Paragraph 1 and previous paragraph shall be subject to Article 31 Paragraph 2, and the so-called one years shall be started on the date of occurrence of the fact of this transaction retrospectively. The part which has already been submitted to shareholders' meeting, board of directors, and supervisor to be</u></p>	<p>business equipment via the following transactions between the company and the parent company, subsidiaries, or subsidiaries with 100% issued shares or total paid-in-capital owned by the company, the board of directors may authorize the Chairman to implement this case without a certain amount according to the prescribed operation procedure in advance, and then report to the latest board meeting for ratification afterward:</p> <p>(1) Acquisition or disposal of equipment for business or its right-of-use assets.</p> <p>(2) Acquisition or disposal of real estate for business or its right-of-use assets.</p> <p>For those who have established independent directors in accordance with the Securities and Exchange Act, the issue submitted to the board meeting to be discussed according to the regulation shall take thorough consideration of opinions by each independent director. Any objection or reservation by the independent director shall be addressed in the minutes of board meeting.</p> <p>If there is Audit Committee established according to the Securities and Exchange Act, the</p>	

Article	Amended clause	Original clause	Reason for amendment
	<p><u>recognized does not need to be included.</u> 2~5 (omitted)</p>	<p>issue to be discussed by the Audit Committee according to Paragraph 1 shall be approved by more than half of the members of Audit Committee to be submitted to the board of directors for resolution according to Article 6 Paragraph 4 and 5. 2~5 (omitted)</p>	
Article 11	<p>1. Price determination method and reference The acquisition or disposal of membership card or intangible assets shall take into consideration the possible benefits and fair market value of the assets in the future, and expert opinion shall be consulted when necessary, during the negotiation with the counterparty.</p> <p>2. Commissioning experts to provide opinions (1) The acquisition or disposal of membership card with transaction amount exceeding 1% of the company' s paid-in-capital or NTD 3 million will require an expert to issue an appraisal report. (2) The acquisition or disposal of intangible assets with transaction amount exceeding 10% of the company' s paid-in-capital or NTD 10 million will require an expert to issue an appraisal report. (3) For the acquisition or disposal of membership card or intangible assets or its right-of-use assets with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million, an</p>	<p>1. Price determination method and reference The acquisition or disposal of membership card or intangible assets shall take into consideration the possible benefits and fair market value of the assets in the future, and expert opinion shall be consulted when necessary, during the negotiation with the counterparty.</p> <p>2. Commissioning experts to provide opinions (1) The acquisition or disposal of membership card with transaction amount exceeding 1% of the company' s paid-in-capital or NTD 3 million will require an expert to issue an appraisal report. (2) The acquisition or disposal of intangible assets with transaction amount exceeding 10% of the company' s paid-in-capital or NTD 10 million will require an expert to issue an appraisal report. (3) For the acquisition or disposal of</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>accountant shall be consulted to provide opinions on the rationality of the transaction price before the date of occurrence of the fact except for the cases of transaction with domestic government agencies.</p>	<p>membership card or intangible assets or its right-of-use assets with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million, an accountant shall be consulted to provide opinions on the rationality of the transaction price before the date of occurrence of the fact except for the cases of transaction with domestic government agencies, <a href="#"><u>and to proceed according to the rule No.20 of Auditing Standards Bulletin published by Accounting Research and Development Foundation.</u></a></p> <p>3~5 (omitted)</p>	

Article	Amended clause	Original clause	Reason for amendment
Article 15	<p>1. If any of the following situations applies during the acquisition or disposal of assets by the company, the relevant information shall be announced on the website designated by FSC without 2 days from the date of occurrence of the fact according to its properties and required format:</p> <p>(1) The acquisition or disposal of real estate or its right-of-use assets from related parties or the acquisition or disposal of the assets other than real estate or its right-of-use assets, with transaction amount exceeding 20% of the company' s paid-in-capital, 10% of total assets, or NTD 300 million. However, the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises are not subject to this restriction.</p> <p>(2) Merger, division, acquisition or share transfer.</p> <p>(3) The loss suffered from the derivative commodity transactions reaches the upper cap amount of total or individual contract loss stipulated in the processing procedures.</p> <p>(4) The type of acquired or disposed assets is equipment for business or its right-of-use assets and the transaction counterpart is not the related party, and the transaction amount meet any of the following conditions:</p> <p>1. The transaction amount exceeds NTD</p>	<p>1. If any of the following situations applies during the acquisition or disposal of assets by the company, the relevant information shall be announced on the website designated by FSC without 2 days from the date of occurrence of the fact according to its properties and required format:</p> <p>(1) The acquisition or disposal of real estate or its right-of-use assets from related parties or the acquisition or disposal of the assets other than real estate or its right-of-use assets, with transaction amount exceeding 20% of the company' s paid-in-capital, 10% of total assets, or NTD 300 million. However, the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises are not subject to this restriction.</p> <p>(2) Merger, division, acquisition or share transfer.</p> <p>(3) The loss suffered from the derivative commodity transactions reaches the upper cap amount of total or individual contract loss stipulated in the processing procedures.</p> <p>(4) The type of acquired or</p>	<p>It is amended according to the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" in the Letter of FSC Code 1110380465 announced on January 28, 2022.</p>

Article	Amended clause	Original clause	Reason for amendment
	<p>500 million for the publicly listed company with paid-in-capital less than NTD 10 billion.</p> <p>2. The transaction amount exceeds NTD 1 billion for the publicly listed company with paid-in-capital more than NTD 10 billion.</p> <p>(5) The publicly listed company running the construction business acquires or disposes real estate for construction or its right-of-use assets and the transaction counterpart is not the related party with transaction amount less than NTD 500 million; the company with paid-in-capital more than NTD 10 billion disposes the real estate constructed by itself with transaction amount exceeding NTD 1 billion and the transaction party is not the related party.</p> <p>(6) The acquisition of real estate with the approaches of contracted construction on own land, contracted construction on leased land, joint construction with separate buildings, joint construction with percentage sharing, and joint construction with separate sales, and the transaction counterpart is not the related party, and the expected transaction amount invested by the company is less than NTD 500 million.</p> <p>(7) The assets transactions, disposal of creditor' s rights by financial institutions, or investment in Mainland China not listed in the preceding three Paragraphs with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million. However, the following situations</p>	<p>disposed assets is equipment for business or its right-of-use assets and the transaction counterpart is not the related party, and the transaction amount meet any of the following conditions:</p> <p>1. The transaction amount exceeds NTD 500 million for the publicly listed company with paid-in-capital less than NTD 10 billion.</p> <p>2. The transaction amount exceeds NTD 1 billion for the publicly listed company with paid-in-capital more than NTD 10 billion.</p> <p>(5) The publicly listed company running the construction business acquires or disposes real estate for construction or its right-of-use assets and the transaction counterpart is not the related party with transaction amount less than NTD 500 million; the company with paid-in-capital more than NTD 10 billion disposes the real estate constructed by itself with transaction amount exceeding NTD 1 billion and the transaction party is not the related party.</p> <p>(6) The acquisition of real estate with the approaches of contracted construction on own land, contracted construction on leased land, joint construction with separate buildings, joint construction with percentage</p>	

Article	Amended clause	Original clause	Reason for amendment
	<p>are not subject to this restriction:</p> <p>1. Purchase and sales of domestic government bonds <u>or foreign government bonds with a credit rating not lower than my country' s sovereign rating.</u></p> <p>2. The trading of securities at stock exchanges or the business offices of securities firms, or the <u>foreign government bonds</u>, issued ordinary corporate bonds, and general financial bonds (excluding subordinated debt) which do not involve equity subscribed in the primary market, or the purchase or buy back of securities investment trust funds or futures trust funds, <u>or the purchase or sell back of index investment securities</u>, or the securities subscribed by the securities firms recommended by the securities firms acting as counselors for OTC companies according to OTC' s regulations.</p> <p>3. The trading of bonds with buyback and sellback conditions, and the purchase or buyback of money market funds issued by domestic securities investment trust enterprises.</p> <p>2~7 (omitted)</p>	<p>sharing, and joint construction with separate sales, and the transaction counterpart is not the related party, and the expected transaction amount invested by the company is less than NTD 500 million.</p> <p>(7) The assets transactions, disposal of creditor' s rights by financial institutions, or investment in Mainland China not listed in the preceding three Paragraphs with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million. However, the following situations are not subject to this restriction:</p> <p>1. <u>Purchase and sales of domestic government bonds.</u></p> <p>2. The trading of securities at stock exchanges or the business offices of securities firms, or the issued ordinary corporate bonds, and general financial bonds (excluding subordinated debt) which do not involve equity subscribed in the primary market, or the purchase or buy back of securities investment trust funds or futures trust funds, or the securities subscribed by the securities firms recommended by the securities firms acting as counselors for OTC companies according to OTC' s regulations.</p>	

Article	Amended clause	Original clause	Reason for amendment
		<p>3. The trading of bonds with buyback and sellback conditions, and the purchase or buyback of money market funds issued by domestic securities investment trust enterprises.</p> <p>2~7 (omitted)</p>	

Article	Amended clause	Original clause	Reason for amendment
Article 20	<p>Article 20 Date of amendment This procedure was approved by the Regular Shareholders' Meeting on June 20, 2012. The first amendment was on June 27, 2014. The second amendment was on June 22, 2017. The third amendment was on May 13, 2019. <u>The fourth amendment was on June 24, 2021.</u></p>	<p>Article 20 Date of amendment This procedure was approved by the Regular Shareholders' Meeting on June 20, 2012. The first amendment was on June 27, 2014. The second amendment was on June 22, 2017. <u>The third amendment was on May 13, 2019.</u></p>	The date amendment is added.

## **Sinopower Semiconductor Inc. Rules and Procedures for shareholders' meeting**

Article 1: Unless otherwise stipulated in laws and regulations or the company's articles of association, the shareholders' meeting of the company shall be organized according to these rules.

Article 2: The company shall prepare a signature book for the attending shareholders to sign in, or they shall hand in the sign-in cards instead. Manual of procedure, annual report, attendance card, speaker's slips, voting slips, and other meeting data shall be delivered to shareholders attending the shareholders' meeting. Additional ballots shall also be provided if there is any election of director. The attending shares shall be calculated according to the signature book or sign-in cards plus the number of shares for which the voting rights are exercised in writing or electronically. Only those wearing the attendance cards can attend the shareholders' meeting.

Article 3: The attendance and voting at the shareholders' meeting shall be calculated based on shares.

For the resolution of the shareholders' meeting, the number of shares held by non-voting shareholders shall not be included in the total number of issued shares.

Shareholders who have their own interests in the matters of the meeting which could compromise the interests of the company shall not participate in voting and shall not exercise the voting rights on behalf of other shareholders.

The number of shares for which the voting rights are prohibited in the preceding paragraph shall not be included in the number of voting rights of present shareholders.

Article 4: The location of shareholders' meeting shall be at the company or a suitable place which is convenient for shareholders to attend. The meeting shall not start earlier than 9 am or later than 3 pm. The location and time of this meeting shall be determined based on thorough consideration of opinions of independent directors.

Article 4-1: The company shall specify the time and location of the acceptance of shareholders' registration and other matters to be noted in the meeting notice. The time of shareholders' registration shall be at least 30 minutes before the start of meeting; there shall be clear marking and competent personnel assigned to the registration site. The shareholder or his/her delegate (hereinafter referred to as shareholder) shall attend the shareholders' meeting with attendance card, sing-in card, or other attendance certificates, and the company must not request shareholders for any additional certificate without authorization; the solicitor of a power of attorney shall bring his/her identification document for verification.

Article 4-2: Unless otherwise stipulated, the company's shareholders' meeting shall be convened by the board of directors. The company shall make the meeting notice, the paper of power of attorney, and the cause and explanation of various proposals (recognition, discussion, election, or dismissal of directors) into electronic files to be sent to the Public Information Observatory 30 days before the regular shareholders' meeting or 15 days before the temporary shareholders' meeting. The meeting manual and meeting supplementary data of this shareholders' meeting shall be prepared 15 days in advance to be accessed by shareholders at any time, placed at the company and the stock affairs agency commissioned by the company, and issued at the site of shareholders' meeting. The notice and announcement shall specify the reasons for convening this meeting; the notice can be sent electronically with consent of the recipient. Matters such as election or dismissal of directors, change of articles of association, dissolution/merger/division of company, all items of Article 185 Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, and Article 56-1 and Article 43-6 of the Standards for Issuer's Offering and Issuance of Marketable Securities must be listed in the reasons for convening this meeting rather than provisional motions. Any shareholder holding more than 1% of total issued shares is entitled to submit a written proposal to the company for the regular shareholders' meeting. However, it is limited to one proposal. Those with more than one proposal will not be included in the agenda. If any of the situations in Article 172 Paragraph 1

Item 4 applies to the proposal submitted by the shareholder, the board of directors can refuse to accept this proposal. The company shall publicly announce the acceptance of shareholder's proposal, and the place and period for such acceptance before the stock transfer deadline before the date of regular shareholders' meeting; the acceptance period must not be less than 10 days. The proposal submitted by the shareholder shall be limited to 300 words, and those exceeding 300 words will not be accepted as proposals; the proposing shareholder shall attend the regular shareholders' meeting in person or by a delegate to participate in the discussion of this proposal. The company shall notify the proposing shareholder of the result prior to the notice of shareholders' meeting, and the proposal meeting the regulation of this Article shall be listed in the meeting notice. The board of directors shall specify the reasons for the shareholders' proposals which are not listed in the meeting agenda.

Article 5 If the shareholders' meeting is convened by the board of directors, the Chairman shall be the chairman of shareholders' meeting. If the Chairman is absent, the Vice Chairman shall act on its behalf. If there is no Vice Chairman or the Vice Chairman is also absent or the Vice Chairman cannot fulfill his/her duty, the Chairman shall appoint a managing director to act as the agent; if there is no managing director, the Chairman shall appoint a director as the agent, and if the Chairman did not appoint any agent, an agent shall be determined among managing directors and directors based on mutual recommendation. If the shareholders' meeting is convened by someone outside the board of directors who has the convening power, this person shall be the chairman of the shareholders' meeting. If there are more than two persons with the convening power, one of them shall be the chairman via mutual recommendation.

If a managing director or director is to serve as the aforementioned chairman, this managing director or director must serve for more than six months and has good understanding of the company's finance and business conditions. The same shall apply if the chairman is a representative of corporate directors. It is better that the Chairman serves as the chairman of the shareholders' meeting convened by the board of directors, and it shall be attended by more than half of the board directors and at least one member of each

functional committee. The attendance shall be recorded in the minutes of shareholders' meeting.

If the shareholders' meeting is convened by someone outside the board of directors who has the convening power, this person shall be the chairman of the shareholders' meeting. If there are more than two persons with the convening power, one of them shall be the chairman via mutual recommendation.

Article 5-1: Any shareholder may present a power of attorney issued by the company with specification of scope of authorization to appoint an attorney to attend the shareholders' meeting. Every shareholder can only present one power of attorney for one attorney, and it shall be submitted to the company 5 days before the date of shareholders' meeting. If there are duplicated copies of power of attorney, the one delivered first shall prevail. However, if the previous power of attorney is revoked by declaration, the previous rule will not apply. After the power of attorney is delivered to the company, if the shareholder wants to attend the shareholders' meeting in person or exercise the voting right in writing or electronically, a written notice for revoking the power of attorney must be submitted to the company two days before the shareholders' meeting; if it is not revoked by the deadline, the voting right exercise by the appointed attorney shall prevail.

Article 6: The company is entitled to assigned lawyers, accountants, or relevant personnel to attend the shareholders' meeting only to answer relevant questions during the meeting. The meeting affairs staff shall wear identification badges or armbands.

Article 7: The company shall record the audio and video of the entire process of shareholders' registration, meeting, voting, and vote counting continuously starting from the acceptance of shareholders' registration.

The entire process of shareholders' meeting shall be recorded in audio format or video format to be preserved for at least one year. However, if any shareholder files a lawsuit according to Article 189 of the Company Act, such record shall be preserved until the end of this case.

Article 8: When it is time for the meeting, the chairman shall announce the start of meeting. However, if the total shares of present shareholders are less than

half of total issued share, the chairman may announce the postponement of meeting. The meeting can only be postponed twice, and the total time of postponement must not exceed one hour. If the meeting has been postponed twice, and the total shares of present shareholders are still less than half of total issued share yet more than 1/3 of total issued share, tentative resolutions can be passed in this meeting according to Article 175 Paragraph 1 of the Company Act. If the total shares of present shareholders reach half of total issued share before the end of this meeting, the chairman may re-submit the tentative resolution for voting according to Article 174 of the Company Act.

Article 9: If the shareholders' meeting is convened by the board of directors, the meeting agenda shall be determined by the board of directors to be sent to attending shareholders or their agents. The meeting shall be convened according to the agenda unless it is changed by the resolution of shareholders' meeting.

The preceding rule also applies to the shareholders' meeting convened by the person with convening power who is not a member of the board of directors.

Before the end of agenda arranged in the two preceding paragraphs (including provisional motions), the chairman must not announce the adjournment without the resolution of this meeting. If the chairman violates the meeting rule and announces the adjournment, other members of the board of directors shall quickly help present shareholders to elect a new chairman based on the consent of present shareholders with more than half of total voting rights to continue with the meeting.

The chairman shall grant the opportunity for thorough explanations and discussions on the proposals, amendments, or provisional motions proposed by shareholders. If the chairman believes that it is ready for voting, he/she can announce the stop of discussion to proceed to the voting.

Article 10: Any present shareholder who would like to speak in the shareholders' meeting shall fill out the speech slip first which specify the purpose of speech, shareholder account number (or number of attendance card) and account name, so that the chairman can determine the order of speech. Violators will be deemed to have not spoken. Present shareholders who

requested to speak but did not actually speak will be deemed to have not spoken. If the content of actual speech is not consistent with the content on the speech slip, the content of actual speech shall prevail.

In addition to the proposals listed on the agenda, any other proposal or the amendment or replacement of original proposal shall be seconded by other shareholders.

When any present shareholder speaks, other shareholders must not interfere without the consent by the chairman and the speaking shareholder. The violator shall be stopped by the chairman and deemed to have not spoken.

Article 11: Every shareholder must not speak more than twice with respect to the same proposal without the consent by the chairman, and each speech must not be longer than 5 minutes. Any shareholder's speech violating this rule or exceeding the scope of subject will have the speech stopped by the chairman and be deemed to have not spoken.

Article 12: When a corporation is delegated to attend the shareholders' meeting, the corporation can only assign one person to attend.

When a corporation shareholder assigns more than two persons to attend the shareholders' meeting, only one person is allowed to speak for the same proposal.

Article 13: After a present shareholder speaks, the chairman can answer in person or assign a person to answer.

Article 14: If the chairman believes that the discussion on the proposal has been sufficient for the vote, he/she may announce the stop of discussion to proceed with the voting.

Article 15: The scrutineer and vote counting personnel for voting on the resolution shall be designated by the chairman, but a scrutineer shall also be a shareholder. The results of the voting shall be reported and recorded at the site.

Article 16: During the meeting, the chairman may decide to announce a break. In the event of force majeure, the chairman is entitled temporarily suspend the meeting and announce the time for resumption of meeting depending on the situation.

If the meeting site is no longer available for use before the end of agenda (including provisional motions) of the shareholders' meeting, the shareholders' meeting may come up with a resolution to find another place to continue with the meeting.

Or the shareholders' meeting may come up with a resolution to postpone or continue with the meeting in 5 days according to Article 182 of the Company Act.

Article 17: Unless otherwise stipulated in laws and regulations, the voting on proposal shall be determined by the consent of more than half of total voting rights of present shareholders (and their agents). If there is no objection from any shareholder present after consultation by the chairman during the voting, it will be deemed to have been passed by all shareholders with the same effectiveness as the result of voting. Every shareholder has one voting right per share, except for those who are restricted or have no voting rights listed in Article 179 Paragraph 2 of the Company Act. During the shareholders' meeting convened by the company, the voting rights can be exercised in writing or electronically (The company which shall adopt electronic voting according to the proviso of Article 177-1 Paragraph 1 of the Company Act: during the shareholders' meeting convened by the company, the voting rights shall be exercised electronically or in writing); when the voting rights are exercised in writing or electronically, the exercise method shall be specified in the shareholders' meeting notice. The shareholders exercising their voting rights in writing or electronically are regarded as attending the shareholders' meeting in person, yet they are deemed as forfeiting the right to provisional motions and amendment of original proposal. Therefore, it is advised that the company shall refrain from making provisional motions and amendment of original proposal. The statement of intention of exercising the voting rights in writing or electronically mentioned in preceding paragraph shall be delivered to the company two days before the shareholders' meeting. If there is any repetition of the statement of intention, the one arrives first shall prevail unless the statement is for cancelling the previous statement. If a shareholder wants to attend the shareholders' meeting in person after exercising the voting right in writing or electronically, the previous intention of exercise of voting

right shall be cancelled two days before the shareholders' meeting in the way identical to the previous exercise of voting right; if it not cancelled by the deadline, the voting right exercised in writing or electronically shall prevail. If the voting right is exercised in writing or electronically and an attorney is appointed to attend the shareholders' meeting with a power of attorney, the voting right exercised by the attorney shall prevail.

Unless otherwise stipulated in the Company Act, the voting on a proposal shall be passed by the consent of more than half of total voting rights of present shareholders. The voting shall be done by shareholders after the chairman, or the designated person announces the total voting rights of present shareholders for each proposal. The results of consent, objection, and abstention by shareholders shall be entered to the Public Information Observatory website by the end of the day of shareholders' meeting.

If there is amendment or replacement of the same proposal, the chairman shall determine the order of voting together with the original proposal. If one of the proposals is passed, the other proposals will be deemed as rejected, so there is no need for voting again.

The vote counting operation of voting or election in a shareholders' meeting shall be done in public at the site of this meeting, and the result shall be announced and recorded at the site after the completing of vote counting, including the statistical weights.

When an attorney is appointed by shareholders to attend the shareholders' meeting, except for a trust enterprise or stock agency approved by the security's competent authority, if a person acts as the attorney for more than two shareholders, the voting rights to be exercised must not exceed 3% of total voting rights of issued shares. When it exceeds that amount, the excessive votes will not be counted.

Article 18: If there is amendment or replacement of the same proposal, the chairman shall determine the order of voting together with the original proposal. If one of the proposals is passed, the other proposals will be deemed as rejected, so there is no need for voting again.

Article 19: The chairman may direct the pickets (or security personnel) to assist in maintaining order at the site. The pickets (or security personnel) maintaining order at the site shall wear identification badges or armbands.

If the meeting venue is equipped with amplifying equipment, the chairman may stop the shareholder from speaking through the account not configured by the company.

If a shareholder violates the rules of meeting procedure, does not comply with the chairman's correction, or obstructs the progress of meeting, the chairman may direct the pickets or security personnel to escort him/her out of the meeting venue.

Article 20: When there is director election in the shareholders' meeting, it shall be arranged according to the election regulation stipulated by the company, and the result of election shall be announced at the site, including the list of elected directors and their votes. The ballots of election shall be sealed by signatures of scrutineers and preserved for at least one year. However, if a lawsuit is filed by a shareholder according to Article 189 of the Company Act, they shall be preserved until the closure of that lawsuit.

Article 21: The resolutions of the shareholders' meeting shall be made into meeting minutes and signed or stamped by the chairman to be issued to all shareholders within 20 days after the meeting. The composition and distribution of meeting minutes can be done electronically. The company's distribution of meeting minutes can be done by public announcement on the Public Information Observatory. The meeting minutes shall include the year/month/date and location of meeting, name of chairman, method of resolution, and outlines and result of the meeting. They shall be permanently preserved during the existence of the company.

Article 22: The number of shares acquired by the solicitor and the number of shares represented by the attorney shall be clearly disclosed at the shareholders' meeting in a statistical table prepared according to the required format at the site of shareholders' meeting. If any of the resolutions of shareholders' meeting is regarded as the major information according to the laws or regulations of Taiwan Stock Exchange Co., Ltd. (Taipei Exchange), the company shall send the content to Public Information Observatory within the required time.

Article 23: These rules are implemented after being approved by the shareholders' meeting, and the same shall apply for the amendment.

Article 24: These rules were formulated on June 25, 2010

The first amendment was on June 27, 2014

The second amendment was on June 22, 2015

# Sinopower Semiconductor Inc. Articles of Incorporation

## Chapter 1 General Rules

Article 1: The company is founded according to the regulation of the Company Act, and the name of the company is Sinopower Semiconductor Inc.

Article 2: The businesses of the company are as shown below:

1.CC01080 Electronics Components Manufacturing.

2.F601010 Intellectual Property Rights.

3.I501010 Product Designing.

Research, design, manufacturing, and sales of following products:

(1) Power Semiconductor Devices and Modules.

(2) High Voltage IC and Modules.

Article 3: The HQ of the company is in Hsinchu Science Park. There can be branches established at proper domestic and foreign locations based on the resolution of board meeting and approval by competent authority when it is deemed as necessary.

Article 3-1: If the company wants to cancel the public offering, it can only be done after special resolution by the shareholders' meeting and the approval by board of directors. And this clause will not be changed during the OTC period and the public listing period in the future.

Article 3-2: The public announcement by the company shall be subject to Article 28 of the Company Act.

## Chapter 2 Shares

Article 4: The company's paid-in-capital is NTD 600 million divided into 60 million shares with NTD 10 per share. The board of directors is authorized to issue them in installments.

There is NTD 40 million preserved from the total capital in the preceding paragraph for the issuance of employee stock warrants of a total of 4 million shares at NTD 10 per share. The board of directors is authorized to issue them in installments.

Article 5: The total amount of the company' s reinvestment is not subject to the restriction that the reinvestment must not exceed 40% of paid-in-capital listed in Article 13 of the Company Act.

Article 6: The company' s stocks are in registered form. They must be numbered, signed, or stamped by three or more directors and certified by the competent authority or the issuance registration institution approved by the competent authority before they can be issued. Shares issued by the company may be exempted from the printing of stock certificates, yet the registration shall be made with the centralized securities depository institution, and the regulation of the preceding paragraph shall not apply.

Article 7: For the share transfer, the transferor and the transferee shall fill out the application form with signature or stamp to apply to the company for the transfer; the transfer must not be used against the company before the completion of transfer procedure.  
The change of shareholders roster must be suspended within 60 days before the regular shareholders' meeting, within 30 days before the temporary shareholders' meeting, or within 5 days before the base day of the company' s distribution of dividends, bonuses, or other benefits.

### Chapter 3 Shareholders' Meeting

Article 8: The company' s shareholders' meeting can be divided into the following two types:

1. The regular shareholders' meeting shall be convened at least once per year within six months after the end of every fiscal year.
2. The temporary shareholders' meeting shall be convened according to the law when it is deemed as necessary.

Article 9: The Chairman shall be the chairman of shareholders' meeting. If the Chairman is absent or the Chairman cannot fulfill his/her duty, a director shall be appointed to act as the agent. If the Chairman did not appoint any agent, an agent shall be determined among all directors based on mutual recommendation.

If the shareholders' meeting is convened by someone outside the board of directors who has the convening power, this person shall be the chairman of the shareholders' meeting. If there are more than two persons with the convening power, one of them shall be the chairman via mutual recommendation.

Article 9-1: All shareholders shall be notified of the date, location, and reason for the regular shareholders' meeting in writing or electronically 30 days prior to the convening of regular shareholders' meeting and 15 days prior to the convening of temporary shareholders' meeting.

The notices for shareholders with less than 1000 registered shares can be issued via public announcement.

Article 10: If a shareholder cannot attend the shareholders' meeting due to certain reason, a power of attorney issued by the company with specification of scope of authorization shall be presented to appoint an attorney to attend the shareholders' meeting.

In addition to the regulation in the preceding paragraph, the attendance of shareholders' meeting by the attorney appointed by the shareholder shall also be subject to the "Rules for the Use of Power of Attorney for Attendance of Shareholders' Meeting of a Publicly Listed Company" promulgated by the competent authority.

Article 10-1: Except for the conditions of restricted share or the share with no voting right listed in Article 179 of the Company Act, every shareholder of the company shall have one voting right per share.

For the company's shareholders' meeting convened during OTC listing period, the voting rights shall be exercised electronically or in writing according to the relevant laws and regulations.

Article 11: Unless otherwise stipulated in the Company Act, the resolution of shareholders' meeting shall be approved by more than half of the voting rights of the present shareholders in the shareholders' meeting attended by shareholders representing more than half of the total issued shares.

Article 12: The resolutions of the shareholders' meeting shall be made into meeting minutes and signed or stamped by the chairman to be issued to all shareholders within 20 days after the meeting. They shall be permanently preserved during the existence of the company. The company's distribution of meeting minutes can be done by public announcement.

The composition and distribution of meeting minutes can be done electronically.

## Chapter 4 Directors and Managers

Article 13: The company shall have 5 to 9 directors to serve a three-year term. They shall be capable persons elected by the shareholders' meeting, and they can be re-elected.

The election of directors of the company is based on the single-register cumulative election method. Each share is granted the same voting rights as the number of directors to be elected. They can be centralized to get one person elected, or they can be distributed among several persons so that the one with more voting rights shall be elected as the director. If the method needs to be amended, it shall be subject to Article 172 of the Company Act, and the main content shall be listed and specified in the reasons for convening the meeting.

The company's election of directors (including independent directors) shall be based on the nomination rate of candidates stipulated in Article 192-1 of the Company Act. Matters related to the acceptance and announcement of the nomination of director candidates shall be subject to the Company Act and the Securities Exchange Act. Independent directors and directors shall be elected in the same election with the election quota calculated separately.

In the quote of directors, there must not be less than 3 independent directors, and the total number of independent directors must not be less than 1/5 of the number of total directors. The professional qualification, shareholding, part-time restriction, nomination and election methods, and other matters to be complied with for independent directors shall be subject to the regulation of securities competent authority.

The total shareholding ratio of all directors of the company shall be subject to the regulation of securities competent authority.

The company may purchase liability insurance for directors during their term for their legal liability of compensation during the execution within the company's business scope.

Article 13-1: The company set up either the Audit Committee or Supervisor according to Article 14-4 and Article 181-2 of the Securities Exchange Act.

Article 13-2: The Audit Committee set up by the company according to Article 14-4 of the Securities Exchange Act shall be formed by all independent directors. The Audit Committee or its members oversee performing the duties of supervisors stipulated in the Company Act, the Securities Exchange Act, and other laws and regulations.

Article 14: The board of directors is formed by directors with the job duty of executing all affairs of the company according to laws, regulations, articles of association, and the resolutions of shareholders' meeting and board meeting.

Article 14-1: The company's board of directors is entitled to set up various functional committees such as Salary and Remuneration Committee and Audit Committee, and to approval the duties and rules for every committee.

Article 15: The board meeting shall be attended by more than 2/3 of the directors, and the Chairman shall be elected among them with the consent of more than half of the present directors. The Chairman shall represent the company in external matters.

Article 16: Unless otherwise stipulated in the Company Act, the board meeting shall be convened by the Chairman. Unless otherwise stipulated in the Company Act, the resolution by the board meeting shall be determined by the consent of more than half of the present directors in the meeting attended by more than half of total directors. The meeting minutes shall be signed or stamped by the chairman or the meeting secretary to be distributed to all directors within 20 days after the meeting. The meeting minutes shall be listed as the important file of the company and properly and permanently preserved during the existence of the company. The composition and distribution of the meeting minutes can be done electronically.

The board meeting shall be convened at least once every quarter with directors notified 7 days in advance. However, it can be convened at any time in case of emergency. The notice of the

company' s board meeting can be delivered in writing, FAX, or E-mail.

Article 17: The Chairman shall chair the board meeting. If the Chairman is absent or cannot perform his/her duty due to certain reason, his/her agent shall be determined according to Article 208 of the Company Act. All directors shall attend the board meeting in person. If the director cannot attend the meeting due to certain reason, a power of attorney shall be prepared (with specification of the scope of authorization on the reason for convening this meeting) to appoint other directors to attend on his/her behalf. Every director can only attend the meeting on behalf of one person. The board meeting can be convened in the form of video conference. Every director who participates this meeting via video conference is regarded as attending this meeting in person.

Article 18: The company' s board of directors is authorized to pay the directors with the remuneration in accordance with the usual level of the industry.

Article 19: The company shall have one President and several senior executives such as Vice President. The appointment, dismissal, and remuneration of these senior executives shall be subject to the regulation of the Company Act.

#### Chapter 5 Accounting

Article 20: The fiscal year of the company is from January 1 to December 31. The final accounts shall be processed at the end of each year.

Article 21: At the end of every fiscal year, the following documents shall be prepared by the board of directors to be submitted to the regular shareholders' meeting for approval.

1. Business report.
2. Financial statement.
3. Proposal for earnings distribution or loss appropriation.

Article 22: If there is a surplus in the company' s annual final accounts, it shall be used to pay taxes and make up for previous losses, and then 10% of it shall be set aside as the statutory surplus reserve.

However, this rule does not apply if the statutory surplus reserve has reached the total paid-in-capital of the company. If necessary, the special surplus reserve shall be appropriated or reversed according to the laws and regulations of the competent authority. If there is any balance, the board of directors shall formulate a distribution proposal and submit it to the shareholders' meeting for resolution.

In accordance with the Article 240 of the Company Act, the company authorizes the board of directors to distribute all or part of dividends and bonuses in cash with the presence of more than 2/3 of the directors and a resolution approved by more than half of the directors present. It shall be reported to the shareholders' meeting, and the rules regarding the resolution by the shareholders' meeting in this article of association do not apply.

Article 22-1: Based on the considerations of the environment and stage of growth of the company, the response to future capital needs and long-term financial plan, and shareholders' needs for cash inflow, the company shall appropriate and distribute dividends to shareholders from the distributable earnings according to Article 23, where the cash dividends must not be less than 10% of the total dividends. However, the type and ratio of this earnings distribution can be adjusted by the resolution of the shareholders' meeting according to the actual profit and capital situation of the year.

Article 22-2: In accordance with the Article 241 of the Company Act, the company authorizes the board of directors to distribute all or part of statutory surplus reserve and capital reserve in cash with the presence of more than 2/3 of the directors and a resolution approved by more than half of the directors present, and it shall be reported to the shareholders' meeting.

Article 23: The company shall distribute 10% to 25% of the annual profit as employee remuneration and no more than 4% of the annual profit as directors' remuneration. However, any remaining accumulated losses of the company shall be made up first.

Employee remuneration may be in stock or cash, and the recipients of stock or cash may include employees of affiliated companies who meet certain conditions.

The annual profit referred to in Paragraph 1 refers to the annual profit before tax deducting the distribution of employee remuneration and directors' remuneration.

The distribution of employee remuneration and directors' remuneration shall be implemented with the presence of more than two-thirds of the directors in the board meeting and a resolution approved by more than half of the directors present, and it shall be reported to the shareholders' meeting.

Article 24: The distribution of dividends for shareholders shall be limited to the shareholders' listed on the register of shareholders 5 days before the base date for the decision on distribution of dividends and bonuses.

#### Chapter 6 Supplementary Provisions

Article 25: According to Article 16 of the Company Act, the company must not engage in the business of loaning funds to others or providing external guarantees.

Article 26: The company's organizational rules and operating rules shall be separately formulated by the board of directors.

Article 27: Matters not specified in these articles of association shall be subject to the Company Act and relevant laws and regulations.

Article 28: These articles of association are formulated with the consent of all promoters on August 5, 2008.

The first amendment was on December 29, 2008.

The second amendment was on November 13, 2009.

The third amendment was on September 16, 2011.

The fourth amendment was on June 22, 2012.

The fifth amendment was on June 27, 2014.

The sixth amendment was on June 22, 2015.

The seventh amendment was on June 22, 2017.

The eighth amendment was on May 13, 2019.

# Sinopower Semiconductor Inc.

## Procedures Governing the Acquisition or Disposal of Assets

### Article 1 Purpose

This procedure is formulated for enhancing assets management, protecting investment, and implementing information transparency.

The acquisition or disposal of assets by the company shall be subject to this procedure.

### Article 2 Legal Basis

Unless otherwise stipulated in laws and regulations, this procedure shall be subject to the regulation of Article 36-1 of the Securities and Exchange Act and the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" of Financial Supervisory Commission (hereinafter referred to as FSC).

### Article 3 Scope of Assets

The scope of assets referred to in this procedure is as shown below:

1. Investment in stocks, government bonds, corporate bonds, financial bonds, marketable securities of commutation funds, depositary receipts, call (put) warrants, and beneficiary securities and asset-backed securities.
2. Real estate (including land, houses and buildings, investment real estate, land use rights, and inventories of the construction industry) and equipment.
3. Membership card.
4. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.
5. Right-of-use assets.
6. Creditor's rights of financial institution (including accounts receivables, discounts on foreign exchange purchases and loans, and overdue receivables).
7. Derivative commodity.
8. Assets acquired or disposed of by merger, division, acquisition or share transfer by law.
9. Other important assets.

## Article 4 Terminology

1. Derivative commodity: it refers to the forward contracts, option contracts, futures contracts, leverage contracts, exchange contracts, the combination of contracts, or combined contracts or structured commodities embedded in derivative commodities with value derived from specific interest rates, financial instrument prices, commodities prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The so-called forward contracts do not include insurance contracts, performance contracts, after sales service contracts, long-term lease contracts, and long-term purchase (sales) contracts.
2. Assets acquired or disposed from merger, division, purchase, or share transfer by law: it refers to the assets acquired or disposed through merger, division or acquisition in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, or other laws, or the issued new shares according to Article 156-3 of the Company Act for the share transfer from other company (hereinafter referred to as share transfer).
3. Related parties, subsidiaries: it shall be identified in accordance with the financial reporting standards of securities issuers.
4. Professional appraiser: it refers to real estate appraiser or other persons legally allowed to engage in real estate and equipment appraisal business.
5. Date of occurrence of the fact: it refers to the transaction contract signing date, date of payment, date of commissioned transaction, date of transfer, date of resolution of board of directors, or other date which can determine the transaction party and transaction amount, whichever comes first. However, for the investment which needs to be approved by the competent authority, it shall be the dates or the date of approval by competent authority, whichever comes first.
6. Investment in Mainland China: it refers to the investment in Mainland China in compliance with the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" of Investment Review Committee, Ministry of Economic Affairs.
7. Professional investor: it refers to the financial holding companies, banks, insurance companies, securities finance companies, trust companies, securities firms operating proprietary or underwriting business, futures commission merchants engaged in proprietary business, securities investment trust enterprises, securities investment consulting enterprises and fund management

companies which are established in accordance with the law and managed by local financial authorities.

8. Stock Exchange: the domestic stock exchange refers to Taiwan Stock Exchange Corporation; the foreign stock exchange refers to any organized stock exchange market managed by the country' s securities competent authority.
9. Business office of a securities firm: the domestic business office of a securities firm refers to the place where the securities firms set up special counters for transaction in accordance with the "Regulations for Management of Buying and Selling Securities at the Business Office of Securities Firm" ; the foreign business office of a securities firm refers to the business office of financial institution which is allowed to engage in securities business under the management by a foreign securities authority.

Article 5 As for the appraisal reports or opinions of accountants, lawyers, or securities underwriters acquired by the company, the professional appraisers and the appraisal personnel, accountants, lawyers, or securities underwriters shall meet the following regulations:

1. They have never been sentences to imprisonment for more than one year for violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or committing fraud, breach of trust, embezzlement, forgery of documents, or business crimes. However, the cases where three years have elapses since the person served the entire imprisonment, or since the expiration of the suspended sentence, or since the amnesty are not subject to this restriction.
2. They must not be related parties or substantive related parties to the transaction counterpart.
3. If the company is to acquire the appraisal reports from more than two appraisers, the different professional appraisers or appraisal personnel must not be related parties or substantive related parties to each other.

The issuance of appraisal reports or opinions by personnel shall be subject to the following matters:

1. The undertaker of the case shall carefully evaluate his/her own professional capability, practical experience, and independence in advance.
2. During the audit of a case, operating procedures shall be properly planned and implemented in order to form a conclusion as the basis for the issuance of a report or

opinion; and the implementation procedures, collected data, and conclusion shall be recorded in detail in the working paper of the case.

3. The integrity, correctness, and rationality of data sources, parameters, and information used shall be evaluated item by item as the basis for issuing appraisal reports or opinions.
4. The statement shall point out that the relevant personnel are professional and independent, and the information used for the evaluation is reasonable, correct, and in compliance with laws and regulations.

Article 6 The procedures for acquisition or disposal of assets formulated by the company shall be approved by the board of directors before being submitted to Audit Committee and Shareholders' Meeting for approval, and the same shall apply for the amendment. If there is any director expressing dissent with a record or a written statement, the company shall send the data of such dissent to the Audit Committee. For those who have established independent directors in accordance with the Securities and Exchange Act, the issue submitted to the board meeting to be discussed according to the regulation shall take thorough consideration of opinions by each independent director. Any objection or reservation by the independent director shall be addressed in the minutes of board meeting.

If there is Audit Committee established according to the Securities and Exchange Act, the formulation or amendment of the procedures for acquisition or disposal of assets shall be approved by more than half of all members of Audit Committee to be submitted to the board of directors for resolution.

If the matter is not approved by more than half of the members of Audit Committee, it can be implemented with consent by more than 2/3 of all board directors, and the resolution by the Audit Committee must be recorded in the minutes of board meeting.

The so-called all members of Audit Committee and all board directors in the preceding paragraph shall be calculated based on the actual incumbents.

If there is Audit Committee established according to the Securities and Exchange Act, the transaction of major assets or derivative commodities shall be approved by more than half of all members of Audit Committee and then submitted to board of directors for resolution according to Paragraph 4 and 5 of this Article.

Article 7 The limits on the acquisition of non-business real estate or right-of-use assets or marketable securities

1. The limits on the company' s acquisition of non-business real estate or right-of-

use assets or marketable securities are as shown below:

- (1) The amount of investment in individual marketable securities must not exceed 10% of net value of the most recent financial statement.
  - (2) The total amount of purchase of non-business real estate or its right-of-use assets or investment in marketable securities must not exceed 50% of net value of the most recent financial report.
2. The scope of amount of acquisition of non-business real estate or its right-of-use assets or investment in marketable securities by the subsidiaries of the company shall be subject to the company' s regulations. However, the total amount of investment in marketable securities by the subsidiary specialized in investment must not exceed the net value of the most recent financial statement of that subsidiary.

#### Article 8 Assessment and operating procedures for acquisition or disposal of marketable securities

##### 1. Price determination method and reference

The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the date of occurrence of the fact of acquisition or disposal of securities to serve as the reference for evaluating the transaction price:

- (1) The acquisition or disposal of securities which have been traded on the centralized exchange market or the business office of a securities firm shall be determined according to the market price at that time.
- (2) The acquisition or disposal of securities which have not been traded on the centralized exchange market or the business office of a securities firm shall take into consideration its net value per share, profitability, future development potential, market interest rate, coupon rate, the debtor's credit, and the transaction price at that time.

##### 2. Commissioning experts to provide opinions

The most recent financial statement of the subject company which has been audited, certified, or reviewed by an accountant should be obtained before the acquisition or disposal of securities to serve as the reference for evaluating the transaction price. If the transaction amount exceeds 20% of the company' s paid-in capital or NTD 300 million, an accountant shall be consulted before the actual occurrence date to provide an opinion on the rationality of transaction price. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated

by the FSC.

### 3. Authorized amount and level

(1) For the acquisition or disposal of marketable securities bought or sold on the centralized exchange market or at the business office of securities firm with single transaction amount within 10% of the net value of the most recent financial statement, there must be an internal petition submitted to the President for approval. If the single transaction amount exceeds 10% of the net value of the most recent financial statement, it can only be executed after being approved by the board of directors.

(2) The acquisition or disposal of marketable securities not bought or sold on the centralized exchange market or at the business office of securities firm must be approved by the board of directors in advance. However, the board of directors can authorize the Chairman to make the decision on the case where the single transaction amount does not exceed 5% of the net value of the most recent financial statement.

### 4. Execution unit

The execution unit of acquisition and disposal of long-term and short-term marketable securities of the company is Department of Finance and Accounting.

### 5. Transaction process flow

The transaction processes of acquisition or disposal of marketable securities by the company follow the regulations of the company's internal control system investment circulation operations.

## Article 9 Assessment and operating procedures for acquisition or disposal of real estate or equipment or its right-of-use assets

### 1. Price determination method and reference

The acquisition or disposal of real estate or its right-of-use assets shall be signed and explained by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or tendering by referring to the announced current value, appraisal value, actual transaction price of adjacent real estate, and recent transaction price of similar assets.

The acquisition of equipment or its right-of-use assets shall be signed and explained by the original user or the relevant competent authority, and the asset management unit shall choose from price comparison, price negotiation, or

tendering by referring to recent transaction price of similar assets. °

## 2. Commissioning experts to issue appraisal report

Except for transactions with domestic government agencies, contracted construction on its own land, contracted construction on leased land, or acquisition or disposal of equipment for business or its right-of-use assets, the acquisition or disposal of real estate, equipment, or its right-of-use assets with transaction amount reaching 20% of the company' s paid-in-capital or exceeding NTD 300 million will require the appraisal report issued by the professional appraiser before the date of occurrence of the fact to be in compliance with the following regulations:

- (1) If a limited price, a specific price, or a special price must be used as the reference for the transaction price due to special reasons, the transaction should be approved by the board of directors in advance, and the same shall apply when the transaction conditions are changed subsequently
- (2) The case in which the transaction amount exceeds NTD 1 billion will require the appraisal by more than two professional appraisers.
- (3) If any of the following situations applies to the appraisal result of a professional appraiser, an accountant shall be consulted to express specific opinions on the reason for this difference and the appropriateness of transaction price except for the cases where the appraisal results of the acquired assets are all higher than the transaction amount, or the appraisal results of the disposed assets are all lower than the transaction amount:
  1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
  2. The difference between the appraisal results of more than two professional appraisers is more than 10% of the transaction amount.
- (4) The date of report issued by professional appraiser must not be more than 3 months away from the contract date. However, if the current announced value of the same period is applicable and less than six months have passed, the original professional appraiser may issue a written opinion.

For the acquisition and disposal of assets through court auction procedures, the appraisal report or accountant' s opinion can be replaced by the certification documents issued by the court.

## 3. Authorized amount and level

For the acquisition or disposal of real estate or equipment or its right-of-use assets with transaction amount of NTD 10 million or less, there must be an

internal petition submitted to the President for approval; the case with transaction amount exceeding NTD 10 million can only be executed after being approved by the board of directors.

#### 4. Execution unit

The execution unit of acquisition and disposal of real estate or equipment or its right-of-use assets of the company is the user department and competent authority.

#### 5. Transaction process flow

The transaction processes of acquisition or disposal of real estate or equipment or its right-of-use assets by the company follow the regulations of real estate, factory, and equipment circulation operations of the company' s internal control system.

### Article 10 Transactions with related parties

In addition to following the clauses, the acquisition or disposal of assets by the company and related parties shall go through the resolution procedures and the assessment of the rationality of transaction conditions according to the following regulations, and the appraisal report issued by professional appraiser or accountant' s opinion shall be acquired according to this procedure for those with transaction amount exceeds 10% of the total company assets. The calculation of transaction amount shall be subject to Article 11-1. The determination of whether the transaction counterparty is a related party shall take into consideration its legal form and substantive relationship.

1. For the acquisition or disposal of real-estate or its right-of-use assets from related parties, or the acquisition or disposal of assets other than real-estate or its right-of-use assets from related parties with transaction amount exceeding 20% of the company' s paid-in capital, 10% of the company' s total assets, or NTD 300 million, except for the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to board of directors to be approved and to Audit Committee to be reviewed before the transaction contract can be signed and the payment can be made:

- (1) The purpose, necessity and expected benefits of acquisition or disposal of assets.
- (2) The reason for selecting the related party as the transaction counterparty.

- (3) For the acquisition of real-estate or its right-of-use assets from related parties, the data related to the rationality of pre-determined transaction conditions shall be assessed according to Paragraph 2 Item 2 and Item 3 of this Article.
- (4) The original acquisition date, price, and transaction counterpart of the related party, and its relationship with the company and the related party.
- (5) Composition of cash balance forecast table of each month of the coming year starting from the month of contract signing, with assessment of necessity of transaction and the rationality of use of funds.
- (6) The appraisal report issued by professional appraiser or accountant' s opinion acquired according to Paragraph 1 of this Article.
- (7) Restrictions on this transaction and other important agreements.

The calculation of transaction amount shall be subject to Article 15 Paragraph 2. The so-called one year shall start retrospectively from the date of occurrence of the fact of this transaction. The part which was submitted to board of directors for approval and to Audit Committee for discussion does not need to be included.

For the acquisition or disposal of business equipment via the following transactions between the company and the parent company, subsidiaries, or subsidiaries with 100% issued shares or total paid-in-capital owned by the company, the board of directors may authorize the Chairman to implement this case without a certain amount according to the prescribed operation procedure in advance, and then report to the latest board meeting for ratification afterward:

- (1) Acquisition or disposal of equipment for business or its right-of-use assets.
- (2) Acquisition or disposal of real estate for business or its right-of-use assets.

For those who have established independent directors in accordance with the Securities and Exchange Act, the issue submitted to the board meeting to be discussed according to the regulation shall take thorough consideration of opinions by each independent director. Any objection or reservation by the independent director shall be addressed in the minutes of board meeting.

If there is Audit Committee established according to the Securities and Exchange Act, the issue to be discussed by the Audit Committee according to Paragraph 1 shall be approved by more than half of the members of Audit Committee to be submitted to the board of directors for resolution according to Article 6 Paragraph 4 and 5.

## 2. Rationality assessment of transaction cost

- (1) The rationality of transaction cost of acquisition of real estate or its right-of-use assets from related parties shall be assessed according to the following methods:

1. The necessary capital interest and cost to be borne by the buyer according to the law shall be added to the transaction price of the related parties. The so-called cost of necessary capital interest shall be calculated based on the weighted average interest rate of the borrowings in the year when the company purchased the assets, yet it shall not be higher than the maximum borrowing interest rate of the non-financial industry announced by the Ministry of Finance.
2. It shall be the total value assessed to the subject matter by the financial institution if the related party has set up a mortgage loan to the financial institution on the subject matter, if the accumulative value of the actual lending of the subject matter by the financial institution should reach more than 70% of the total loan assessment value and the lending period has been more than one year. It is not applicable to the case where the financial institution and either party of the transaction are related parties to each other.
- (2) The transaction costs of the joint purchase or lease of the lands and houses of the same subject shall be assessed according to any of the methods listed in (1).
- (3) The costs of real-estate and its right-of-use assets acquired from the related parties shall be assessed according to the regulations of (1) and (2), and an accountant shall be consulted for review and specific opinions.
- (4) If any of the following situations applies to the real estate or its right-of-use assets acquired from the related parties shall be subject to Paragraph 1 Item 1 of this Article instead of the regulations of (1) to (3).
  1. The related party acquired the real estate by inheritance or as a gift.
  2. The date of contract signing of this transaction has been more than 5 years away from the acquisition of the real estate or its right-of-use assets by the related party.
  3. The acquisition of real estate from the construction commissioned to the related party via signing of joint construction contract, or commissioned construction on own land, or commissioned construction on leased land.
  4. The acquisition of real estate for business or its right-of-use assets between my company and its parent company, subsidiaries, or the subsidiaries with 100% of issued shares or total assets directly or indirectly

held by the company.

3. If the results of assessment according to (1) and (2) of previous paragraph are lower than the transaction price, it shall be subject to Paragraph 1 Item 4 of this Article. However, if any of the following situations applies with subject evidence and specific opinions on rationality by real estate professional appraiser and accountant, this restriction shall not apply:

(1) The related party acquired prime land or leased land for construction with proof of meeting any of the following conditions:

1. The total amount of reasonable construction profit with the prime land assessed according to the regulation of Paragraph 2 and the house assessed according to the construction cost of the related party is less than the actual transaction price. The so-called reasonable construction profit shall be the average gross margin of construction department of the related party in the last three years, or the gross margin of construction industry of the most recent period announced by the Ministry of Finance, whichever is lower.

2. The transaction with non-related party within one year on other floors of the same subject property or in adjacent areas within similar area, and the transaction conditions are equivalent after evaluation of the reasonable floor or area price difference according to the general practice of real estate sales or leasing.

(2) It is proved that there are real estates purchased or leased from the related party or acquisition of right-of-use assets with transaction conditions and areas like the transactions with non-related parties in adjacent areas within one year.

The transactions in adjacent areas mentioned in the preceding paragraph is in principle referring to those within the same or adjacent block and less than 500 meters away from the transaction subject matter, or those with similar announced current value; the so-called similar area is in principle referring to that the area of transaction with other non-related party is no less than 50% of the area of transaction subject matter; the so-called one year starts retrospectively from the date of occurrence of this acquisition of real estate or its right-of-use assets.

4. If the assessment result of the acquisition of real estate or its right-of-use assets from the related party according to Paragraph 2 and 3 of this Article is lower than

the transaction price, the following matters shall be implemented:

- (1) A special reserve shall be set aside with respect to the difference between the transaction price of the real estate or its right-of-use assets and the appraisal cost in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act, and it must not be distributed or converted to capital increase or stock dividends. If the investor who evaluates the company' s investment by the equity method is a publicly listed company, a special reserve shall also be set aside in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act and its shareholding ratio.
- (2) The supervisor shall be subject to Article 280 of the Company Act. If the Audit Committee is established according to this rule, the preceding section of this paragraph shall be applied to the independent directors of Audit Committee.
- (3) The handling of matters in the two preceding paragraphs shall be reported to the shareholders' meeting, and the details of transaction shall be disclosed in the annual report and public statement.

If a special reserve is set aside according to regulation, it can only be used with FSC' s consent on the cases where the price decline loss of the assets purchased or leased at a high price has been recognized, or disposed or having the lease terminated, or properly compensated or restored, or there is other evidence confirming its rationality.

5. If there is other evidence indicating that the transaction of the company' s acquisition of real estate or its right-of-use assets from the related party is not in compliance with business practice, it shall be subject to Item 4 of this Paragraph.

**Article 11** Assessment and operating procedures for acquisition or disposal of membership card and intangible assets or it right-of-use assets

1. Price determination method and reference

The acquisition or disposal of membership card or intangible assets shall take into consideration the possible benefits and fair market value of the assets in the future, and expert opinion shall be consulted when necessary, during the negotiation with the counterparty.

2. Commissioning experts to provide opinions

- (1) The acquisition or disposal of membership card with transaction amount exceeding 1% of the company' s paid-in-capital or NTD 3 million will require an expert to issue an appraisal report.

(2) The acquisition or disposal of intangible assets with transaction amount exceeding 10% of the company' s paid-in-capital or NTD 10 million will require an expert to issue an appraisal report.

(3) For the acquisition or disposal of membership card or intangible assets or its right-of-use assets with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million, an accountant shall be consulted to provide opinions on the rationality of the transaction price before the date of occurrence of the fact except for the cases of transaction with domestic government agencies, and to proceed according to the rule No.20 of Auditing Standards Bulletin published by Accounting Research and Development Foundation.

### 3. Authorized amount and level

(1) For the acquisition or disposal of membership card with transaction amount of NTD 3 million or less, there must be an internal petition submitted to the President for approval; the case with transaction amount exceeding NTD 30 million can only be executed after being approved by the board of directors.

(2) For the acquisition or disposal of intangible assets with transaction amount of NTD 10 million or less, there must be an internal petition submitted to the Chairman for approval, and it must be reported to the latest board meeting; the case with transaction amount exceeding NTD 10 million can only be executed after being approved by the board of directors.

### 4. Execution unit

The execution unit of the company with respect to acquisition and disposal of membership card and intangible assets are Department of Finance and Accounting, Management Unit, and relevant responsible units.

### 5. Transaction process flow

The transaction process flow of the company' s acquisition or disposal of intangible assets shall be in accordance with the regulations of intellectual property related operation of the company' s internal control system.

Article 11-1 The calculation of transaction amount in the four preceding Articles shall be subject to Article 15 Paragraph 2, and the so-called one year shall start retrospectively from the date of occurrence of this transaction. Those with appraisal report issued by a professional appraiser or accountant' s opinion acquired according to this regulation do not have to be included.

Article 12 Assessment and operating procedures for acquisition or disposal of creditor' s right of financial institution

In principle the company will not engage in any acquisition or disposal of creditor' s right of financial institution. If the company is to engage in such transaction, it shall be approved by the board of directors before the formulation of required assessment and operating procedures.

Article 13 Assessment and operating procedures for acquisition or disposal of derivative commodities

1. Transaction principles and guidelines

(1) Type of transaction

The transactions of derivative commodities engaged by the company can be divided by purpose into the two categories of "non-transactional" (hedging transaction not for trading purpose) and "Transactional" (non-hedging transaction for trading purpose).

The types of derivative commodities the company can engage shall exclude the parts related to the risks of currency rates and interest rates generated by the company' s business. If the company is to engage in transactions of other types of derivative commodities, they must be approved by the board of directors.

(2) Operational or hedging strategies

The engagement of the company in transaction of derivative commodities shall be for the purpose of risk avoidance. The commodities of transaction shall be selected based on the avoidance of risks generated by the company' s business operation.

The company' s transaction counterpart of derivative commodities shall be selected from the financial institutions with better conditions according to the company' s operational requirements to avoid credit risks.

(3) Division of authorities and responsibilities

The authorities and responsibilities of all units the company for engagement in transactions of derivative commodities are as shown below:

1. Department of Procurement: in charge of formulating operating strategies for purchase and sales of commodity related futures and

carrying out various transactions according to the authorization.

2. Finance and Accounting Unit: in charge of formulating operating strategies for purchase and sales of derivative commodities and carrying out various transactions according to the authorization.

3. Finance Unit: in charge of accounting processing, accounting report composition, and regular data summary.

4. Audit Unit: in charge of understanding the appropriateness of internal control measures such as division of authorities and responsibilities, and operating procedures, and auditing of transaction unit's compliance with this processing procedure.

If the transaction of derivative commodities engaged by the company is for the "non-transactional" purpose, it shall be carried out according to the following authorizations:

Level	Amount per contract	Cumulative net income
Board of directors	Over USD 2 million	More than 100% of the operating foreign currency income of the most recent quarter
Submitted to the most recent board meeting for recognition after approval by Chairman	USD 2 million or less	Within 100% of the operating foreign currency income of the most recent quarter
Chairman	USD 1.5 million or less	Within 50% of the operating foreign currency income of the most recent quarter
President	USD 800,000 or less	Within 30% of the operating foreign currency income of

		the most recent quarter
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In principle the company does not engage in the “Transactional” transaction of derivative commodities. If the “Transactional” transaction of derivative commodities is to be engaged in the future, it shall be approved by the board of directors before the formulation of relevant assessment and operating procedures.

(4) Performance review

1. “Non-transactional” derivative commodities: according to the type of commodity, the Department of Finance and Accounting will use the realized net profit and loss as the basis for performance review after the closing of the market on each contract expiry trading day, and the balance performance will be regularly reviewed with respect to the transaction target before submitted to Chairman for approval.

(5) Total contract amount

“Non-transactional” derivative commodity: no more than 100% of the operating foreign currency income of the most recent quarter.

“Transactional” derivative commodity: the total contract amount of transaction must not exceed 10% of the company’ s net value.

(6) Loss cap

The cap of loss of all and individual contract is 10% of the transaction amount.

2. Risk management measures

(1) Scope of risk management

1. Credit risk management - the transaction counterpart shall be a domestic or foreign financial institution with good credit which can provide professional information. The financial and accounting supervisor shall be responsible for controlling the transaction quota of financial institutions to avoid excessive concentration and adjusting the such quota at any time in accordance with the changes in market conditions.
2. Market risk management - the market which provides full disclosure of quotation information shall be selected.

3. Liquidity risk management - to ensure liquidity, the financial institution for the transaction must be equipped with sufficient equipment, information, and transaction capabilities to carry out transactions in any market.
4. Cash flow risk management - to ensure the stability of the company' s working capital turnover, the company' s source of funds for derivative commodity transaction shall be limited to the own funds, and the operating amount shall take into consideration the forecast of funding demands based on cash balance for the next three months.
5. Operation risk management - it is necessary to surely comply with the authorized quota, operating procedure, and other regulations stipulated by the company in order to avoid operation risks.
6. Legal risk management - any document to be signed with financial institutions must be reviewed by the legal affairs personnel in advance to avoid legal risks.

- (2) The traders and personnel for confirmation and delivery of derivative commodities must not concurrently holding each other' s position.
- (3) The risk measurement, supervision, and control personnel shall be in different departments from those in the preceding paragraph, and they shall report to the board of directors or to senior executives who are not responsible for transaction or position decision making.
- (4) The position held from transaction of derivative commodities shall be regularly assessed according to the regulation of Paragraph 1 Item 4-1 of this Article.

### 3. Internal audit system

The company' s internal audit personnel shall regularly understand the appropriateness of internal control of transaction of derivative commodities and carry out monthly audit on the compliance of transaction department with derivative commodity transaction procedures and prepare audit report. If there is any major violation found during such audit, a written notice must be sent the Audit Committee. If there are independent directors in place according to this regulation, they shall be notified in writing.

### 4. Regular assessment method and handling of abnormal situation

- (1) The position held from the transaction of derivative commodity shall be

assessed at least once per week, or at least twice per month for the hedging transaction required by the business. The assessment report shall be submitted to the senior executives authorized by the board of directors.

- (2) The board of directors shall authorize senior executives to regularly supervise and assessment whether current risk management measures are appropriate, whether or not the derivative commodities transaction operation is conducted according to the regulation, whether or not the performance of derivative commodities transaction is in compliance with existing operation strategy, and whether or not the risks are within the acceptable range of the company. In case of any abnormality, necessary countermeasures must be taken immediately and reported to the board of directors.

#### 5. Supervision and management by board of directors

- (1) The board of directors shall carry out thorough supervision and management according to the following principles with respect to the derivative commodities transaction engaged by the company:
  1. The designated senior executives shall always pay attention to the supervision and control over the risks of derivative commodities transaction.
  2. The performance of derivative commodities transaction shall be regularly evaluated to see if it follows existing operation strategy, and whether the risks are within the acceptable range of the company.
- (2) The senior executives authorized by the board of directors shall manage the derivative commodities according to the following principles:
  1. The current risk management measures shall be regularly evaluated to see if they are appropriate, and whether they are carried out in accordance with the "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" of FSC and this procedure.
  2. The transaction and profit/loss situation shall be properly supervised, and necessary responsive measures shall be taken immediately and reported to the board of directors in case of any abnormality. If there are independent directors in place, they must attend the board meeting and express their opinions.
- (3) If the company authorized relevant personnel to carry out transaction of

derivatives commodities according to this procedure, it shall be reported to the most recent board of directors afterwards.

6. A reference book shall be composed for specifying the type, amount, and date of approval by the board of directors of the derivative commodities transaction engaged by the company, and the matters to be carefully assessed as described in Paragraph 1 Item 4(1), Item 5(1)2 and Item 5(2)1 of this Article.

#### Article 14 Assessment and operating procedures for merger, division, acquisition, or share transfer

1. The determination method and reference basis for transaction consideration

The merger, division, acquisition or share transfer conducted by the company shall take comprehensive consideration of the past and future financial and business conditions of the participating companies, the expected future benefits, the fair manner in which the market determines the transaction price, and the professional opinions of accountants, lawyers, or securities underwriters in order to negotiate prices with counterparties involved in such merger, division, acquisition, or share transfer.

2. Commissioning experts to provide opinions

For the merger, division, acquisition or share transfer conducted by the company, there shall be accountants, lawyers, or securities underwriters commissioned prior to the resolution by the board of directors to express opinions on the rationality of share transfer ratio, acquisition price, cash dividends for shareholders, or other properties to be submitted to the board of directors for approval. However, the opinions on rationality issued by experts can be waived for the merger of a subsidiary with 100% of its issued shares or total capital directly or indirectly held by a publicly listed company, or the merger between subsidiaries with 100% of its issued shares or total capital directly or indirectly held by a publicly listed company.

3. Decision making level

The resolutions on the merger, division, acquisition, or share transfer conducted by the company are subject to the Company Act and relevant laws and regulations.

4. The submission of relevant data and the information disclosure which cannot be approved by the shareholders' meeting

- (1) For the merger, division, or acquisition by the company, the content of important agreement and relevant matters of such merger, division, or acquisition shall be made into the public documents for shareholders before the shareholders' meeting so that they can be delivered to shareholders along with the experts' opinions in Paragraph 2 of this Article and the notice of shareholders' meeting to serve as the reference for the decision on such merger, division, or acquisition. This restriction does not apply if it is stipulated in other laws and regulations that such merger, division, or acquisition does not require a resolution by the shareholders' meeting.
  - (2) If the shareholders' meeting cannot be convened due to insufficient attendance or voting rights or other statutory restriction, or the resolution was rejected by the shareholders' meeting for any of the companies participating the merger, division, or acquisition, this company shall immediately and publicly explain the cause, the follow-up action, and the expected date of the next shareholders' meeting.
5. Dates of board meeting and shareholders' meeting
- (1) Unless otherwise stipulated by law or if there is special factor approved by FSC in advance, the company shall convene board meeting and shareholders' meeting on the same day as other companies participating in merger, division, or acquisition for the resolution on these matters.
  - (2) Unless otherwise stipulated by law or if there is special factor approved by FSC in advance, the company shall convene board meeting and shareholders' meeting on the same day as other companies participating in share transfer.
  - (3) Companies participating in merger, division, acquisition, public listing of share transfer, or stock trading at the business office of securities firm shall make complete written records of the following information and preserve them for 5 years for future inspection:
    1. Basic personal information: including job titles, names, and ID numbers (passport numbers for foreigners) of all people participating in merger, division, acquisition, or share transfer plan or the plan execution before information disclosure.
    2. Dates of important events: including dates of signing of Letter of Intent or Memorandum, date of commissioning of financial or legal consultant, date of contract signing, and date of board meeting.

3. Important documents and meeting minutes: including the documents of merger, division, acquisition, or share transfer plan, Letter of Intent or Memorandum, important contracts, and minutes of board meeting.

(4) Publicly listed companies participating in merger, division, acquisition, or share transfer, or companies with stocks traded at the business office of securities firm shall submit the information in Item 1 and 2 of previous Paragraph to FSC in the required format via the Internet within two days from the date of resolution of board meeting.

(5) Non-publicly listed companies participating in merger, division, acquisition, or share transfer, or companies with stocks traded at the business office of securities firm shall sign agreements with the publicly listed companies or companies with stocks traded at the business office of securities firm and comply with the regulations in previous two paragraphs.

#### 6. Confidentiality obligations and circumvention of insider trading

All people participating in or acknowledging company' s merger, division, acquisition, or share transfer plan shall submit written confidentiality commitment to not disclose any content of such plan and not purchase or sell the stocks and other equity securities of all companies related to such merger, division, acquisition, or share transfer plan by themselves or in the name of others.

#### 7. Principles of change of exchange ratio or purchase price

In the company' s participation in merger, division, acquisition or share transfer, the exchange ratio or purchase price must not be changed without permission, and the circumstances in which they can be changed must be specified in the contracts of merger, division, acquisition, and share transfer:

(1) Capital increase, issuance of convertible corporate bonds, stock grants, issuance of corporate bonds with warrants, preferred shares with warrants, warrant certificates, and other equity securities.

(2) Behaviors affecting the company' s finance and business, such as disposal of the company' s major assets.

(3) Events affecting the company' s shareholders' equity or stock price such as occurrence of major disaster or major technology revolution.

(4) Adjustment of repurchase of treasury stocks by any party participating in merger, division, acquisition, or share transfer in accordance with law.

- (5) Increase or decrease of the number of companies participating in merger, division, acquisition, or share transfer.
  - (6) Other conditions for justifying such change stipulated in the contract and disclosed to the public.
8. Matters to be specified in the contract
- In the company' s participation in merger, division, acquisition or share transfer, the rights and obligations of participants and the following matters shall be specified in the contract:
- (1) Measures in response to breach of contract.
  - (2) Principles for dealing with repurchased treasury stocks or the equity securities issued by the company distinguished by merger or before the division of company.
  - (3) The number and handling principles of the treasury stocks which can be bought back by the participating companies according to the law after the base date for calculating exchange ratio.
  - (4) Measures in response to the increase or decrease of the number of participants.
  - (5) Expected plan execution progress and completion date.
  - (6) Procedures such as the expected date of shareholders' meeting statutorily required if the plan is not completed by the deadline.
9. If any party participating in merger, division, acquisition, or share transfer with public disclosure of relevant information plans to participate in merger, division, acquisition, or share transfer with other companies, the completed procedures or legal actions of the original plan of merger, division, acquisition, or share transfer must be repeated by all other participants except for the case where the number of participants is reduced and the shareholders' meeting has authorized the board of directors to change the permission.
10. If the company participates in merger, division, acquisition, or share transfer is not a publicly listed company, the company shall sign an agreement with it according to Paragraph 1 Item 5, 6, and 9 of this Article.

#### Article 15 Announcement declaration procedure

- 1. If any of the following situations applies during the acquisition or disposal of assets by the company, the relevant information shall be announced on the website designated

by FSC without 2 days from the date of occurrence of the fact according to its properties and required format:

- (1) The acquisition or disposal of real estate or its right-of-use assets from related parties or the acquisition or disposal of the assets other than real estate or its right-of-use assets, with transaction amount exceeding 20% of the company' s paid-in-capital, 10% of total assets, or NTD 300 million. However, the purchase/sales of domestic government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trust enterprises are not subject to this restriction.
- (2) Merger, division, acquisition or share transfer.
- (3) The loss suffered from the derivative commodity transactions reaches the upper cap amount of total or individual contract loss stipulated in the processing procedures.
- (4) The type of acquired or disposed assets is equipment for business or its right-of-use assets and the transaction counterpart is not the related party, and the transaction amount meet any of the following conditions:
  1. The transaction amount exceeds NTD 500 million for the publicly listed company with paid-in-capital less than NTD 10 billion.
  2. The transaction amount exceeds NTD 1 billion for the publicly listed company with paid-in-capital more than NTD 10 billion.
- (5) The publicly listed company running the construction business acquires or disposes real estate for construction or its right-of-use assets and the transaction counterpart is not the related party with transaction amount less than NTD 500 million; the company with paid-in-capital more than NTD 10 billion disposes the real estate constructed by itself with transaction amount exceeding NTD 1 billion and the transaction party is not the related party.
- (6) The acquisition of real estate with the approaches of contracted construction on own land, contracted construction on leased land, joint construction with separate buildings, joint construction with percentage sharing, and joint construction with separate sales, and the transaction counterpart is not the related party, and the expected transaction amount invested by the company is less than NTD 500 million.
- (7) The assets transactions, disposal of creditor' s rights by financial institutions, or investment in Mainland China not listed in the preceding three Paragraphs with transaction amount exceeding 20% of the company' s paid-in-capital or NTD 300 million. However, the following situations are not subject to this restriction:
  1. Purchase and sales of domestic government bonds.
  2. The trading of securities at stock exchanges or the business offices of

securities firms, or the issued ordinary corporate bonds, and general financial bonds (excluding subordinated debt) which do not involve equity subscribed in the primary market, or the purchase or buyback of securities investment trust funds or futures trust funds, or the securities subscribed by the securities firms recommended by the securities firms acting as counselors for OTC companies according to OTC' s regulations.

3. The trading of bonds with buyback and sellback conditions, and the purchase or buyback of money market funds issued by domestic securities investment trust enterprises.

2. The transaction amount shall be calculated as follows:

(1) The amount of every transaction.

(2) The number of transactions with the same counterpart to acquire or dispose of the same subject matter accumulated within one year.

(3) The amount of acquisition or disposal of real estate or its right-of-use assets of the same development project accumulated within one year.

(4) The amount of acquisition or disposal of the same marketable securities accumulated (the acquisition and disposal shall be accumulated separately) within one year.

The one year shall start retrospectively from the date of occurrence of this transaction, and those which are announced according to the regulation do not have to be included.

3. The company shall submit the situations of derivative commodities transaction engaged by the company and the subsidiaries which are not domestic publicly listed companies by the end of previous month to the information declaration website designed by FSC in the required format by 10<sup>th</sup> of every month.

4. If there is any mistake or missing part in the company' s announced items which need to be corrected, all items shall be announced again within two days from the date of knowledge.

5. For the company' s acquisition or disposal of assets, the relevant contracts, meeting minutes, reference books, appraisal reports, and opinions of accountants, lawyers, or securities underwriters shall be preserved in the company for at least 5 years unless otherwise stipulated in laws.

6. If any of the following situations applies after the company' s transaction declared

according to the regulations, the relevant information shall be declared on the website designated by FSC within two days from the date of occurrence of the fact:

(1) Change, termination, or cancellation of contract signed for the original transaction.

(2) Merger, division, acquisition, or share transfer is not completed according to the schedule stipulated in the contract.

(3) The content of original declaration is changed.

7. If the acquisition or disposal of assets by the company's subsidiary, which is not a domestic publicly listed company, reaches the standard for declaration stipulated in this Article, the company shall take care of the declaration on its behalf. The regulations on the amount of paid-in-capital or total assets required by the declaration standards applicable to the subsidiary shall be based on the amount of paid-in-capital or total assets of the company.

The requirement of 10% of total assets in this standard shall be calculated based on the amount of total assets in the most recent entity or individual financial report stipulated in the financial report composition standards of securities issuers. If the company's stock has no par value or the par value per share is not NTD 10, the transaction amount of 20% of the paid-in capital in this standard shall be calculated based on 10% of the equity attributable to the owner of the parent company; the requirement of transaction amount with the paid-in-capital of NTD 10 billion in this standard shall be calculated based on the equity attributable to the owner of the parent company at NTD 20 billion.

#### Article 16 Control procedure for subsidiary's acquisition or disposal of assets

1. The company shall urge all subsidiaries to formulate and implement the procedures for acquisition or disposal of assets according to FSC's "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" to be approved by board of directors and submitted to shareholders' meeting for approval. And the same shall apply for the amendment.
2. If the acquisition or disposal of assets by each subsidiary needs to be approved by board of directors according to the "Procedures for Acquisition or Disposal of Assets" or other laws and regulations, it shall be reported to the company before the occurrence of the fact. The Finance and Accounting Department of the company shall assess the feasibility, necessity, and rationality of such acquisition or disposal of assets, and track the implementation situation

afterwards for analysis and review.

3. The company' s internal auditor shall regularly audit the compliance of each subsidiary with the "Procedures for Acquisition or Disposal of Assets" and compose audit report; after the discoveries and recommendations of audit report are approved, each audited subsidiary shall be notified to carry the improvement and to regularly compose tracking report to confirm the timely adoption of proper improvement measures.

#### Article 17 Penalty

If there is any violation of FSC' s "Standards for Acquisition or Disposal of Assets by Publicly Listed Company" or the company' s "Procedures for Acquisition or Disposal of Assets" during the acquisition or disposal of assets by the company' s personnel, it shall be regularly reported for performance review according to the company' s personnel management measures and work rules, and proper penalty may be imposed according to the severity.

#### Article 18 Supplementary laws and regulations

Matters not specified in these procedures shall be subject to relevant laws and regulations.

#### Article 19 Implementation

These procedures shall be implemented after approval by board of directors, Audit Committee, and shareholders' meeting. The same shall apply for the amendment.

#### Article 20 Date of amendment

These procedures are approved by shareholders' meeting on June 22, 2012.

The first amendment was on June 27, 2014.

The second amendment was on June 22, 2017.

The third amendment was on May 13, 2019.

## Sinopower Semiconductor Inc. Shareholdings of All Directors

(1) The statutory percentage and the number of shares of the current 4<sup>th</sup> term of directors of the company are as shown below:

The number of ordinary shares issued by the company      33,433,000 shares

The statutory number of shares to be held by all directors      3,600,000 shares

(2) The shareholding situations by all directors by the stock transfer deadline of 2022 regular shareholders' meeting (April 26, 2022) are as shown below:

Job Title	Name	Number of shares current held	
		Number of shares	Shareholding ratio (%)
Chairman	Anpec Electronics Corporation Representative: Tian-Fure Shiue	14,514,196	43.41
Director	Anpec Electronics Corporation Representative: Jew-Sun Chen		
Director	Anpec Electronics Corporation Representative: Chih-Hsin Wang		
Director	Anpec Electronics Corporation Representative: Chun-Liang Lin		
Independent director	Kai-Charn Young	0	0
Independent director	Jun-Hui Tsai	0	0
Independent director	Chun-Yen Chiang	0	0
The number and percentage of shares held by all directors		14,514,196	43.41

Note: The company has set up an Audit Committee according to the Securities Exchange Act, so the rule of the minimum percentage of shares held by the supervisor does not apply.