PRIMAX ELECTRONICS LTD.
Minutes of 2020Annual General Shareholders' Meeting
(Translation)

Time: June 23, 2020 (Tuesday) 9 a.m.

Venue: No. 8, Zhifu Road, Jhongshan Dist., Taipei City
(3F., Shimmer Hall, DENWELL Daizhi)

Present: A total of 312,661,304 shares (including 241,800,684 shares represented by shareholders exercising voting rights electronically) are held by shareholders attending the shareholders' meeting in person or by a proxy, who represent 69.68% of the total number of the Company's outstanding448,698,324shares.

Present Directors: Li-Sheng Liang, Tze-Ting Yang, Yung-Chung Pan, Tai-Jau Ku (Independent Director), Chun-Pang Wu (Independent Director)

Chairman: Li-Sheng Liang, the chairman of the Board of Directors

Recorder: Li-Hsueh Lee

A. Meeting called to order：

The total numbers of shares represented by the shareholders present constitute the quorum prescribed by law, hence the Chairman called this meeting to order.

B. Chairperson Remark: (omitted)

C. Report:

Report No. 1： The Company's 2019 Business Report for review, please refer to Schedule 1.

Report No. 2： Audit Committee's Review Report on the 2019 Financial Statements for review, please refer to Schedule 2.

Report No. 3： Distribution of employees' and directors' compensation in 2019.

Description:

(1) The Board of Directors resolved to distribute NT$75,520,000 for employees' compensation and NT$26,430,000 for directors' compensation for year 2019.

(2) According to Article 25 of the Company's "Articles of Incorporation", 2% to 10% of the profit before tax (PBT) (i.e. before deducting the sums of employee's compensation and directors' compensation) shall be distributed as compensation for employees and not more than 2% of the PBT shall be distributed as compensation for directors. The Company's PBT for year 2019 was NT$2,494,313,676, the amount before deducting the sums of compensation of directors and employees was NT$ 2,607,603,352. Hence, the aforementioned compensation of employees and directors are respectively2.90% and 1.01% of the said NT$ 2,607,603,352.

(3) In the internal financial statements, the employees' compensation was recorded as NT$75,526,451 and NT$37,763,225 as directors' compensation for year 2019. The discrepancy amount was NT$-6,451 and NT$-11,333,225 respectively. The discrepancies of the employees' compensation was the difference between the outcomes of an accounting estimate. The discrepancies of directors' compensation was a reduction of the directors’ compensation due to a difficult time. Those discrepancies which will be handled by principles of accounting change.

Report No. 4 **:** The report of Tymphany Acoustic Technology (Huizhou) Co., Ltd., the Company's subsidiary, in connection with the Initial Public Offering of RMB common shares (A share) and Application for the listing on Shenzhen Stock Exchange.

Description:

It is noted that the motion of Tymphany Acoustic Technology (Huizhou) Co., Ltd., to make an initial public offering and apply for the listing of its common shares (A Shares) on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange had been reviewed and approved respectively by the board meeting dated March 28, 2019 and the general shareholder meeting dated June 18, 2019. Tymphany Acoustic Technology (Huizhou) Co., Ltd filed the IPO papers with China Security Regulatory Committee on Dec 27th 2019, which filing is now under the process. And to comply with the IPO required process, Chairman, the designated persons and/or the authorized personnel whoever been authorized by the board resolution and shareholder resolution have executed the documents including the non-compete, stock price stability commitment and etc. for China Security Regulatory Committee's review.

Summary of Shareholder's (NO. 57552) statements : What are the considerations for Tymphany Acoustic Technology (Huizhou) Co., Ltd., to withdraw the listing application?

The Chairman responded：The listing application was withdrawn due to the impact of the coronavirus (COVID-19) pandemic and the current operating status could not realize actual value of Tymphany Acoustic Technology (Huizhou) Co., Ltd.

The Chairman responded to the questions, no further comments were made by the aforementioned shareholder.

Report No. 5 **:** Amendments to the Company's "Procesures for Ethical Management and Guidelines for Conduct".

Description:

(1) Amend the Company's "Procedures for Ethical Management and Guidelines for Conduct " in accordance with the Letters numbered Taiwan-Stock-Governance-1080008378 and Taiwan-Stock-Governance-1090002299 of the Taiwan Stock Exchange Corporation (TWSE).

(2) Refer to Schedule 3 for a comparison of the amendments to the "Procedures for Ethical Management and Guidelines for Conduct".

D. Adoption

1. **(Proposed by the Board)**

Proposal **:** Adoption of the Company's 2019 Business Report and Financial Statements.

Description:

The Company has completed the internal preparation of the 2019 Annual Parent Company Only and Consolidated Financial Statements and has provided the reports to MEI-PIN WU CPA and CHI -LUNG YU CPA of KPMG Taiwan for review and audit. The CPAs have completed the audit. Please refer to Schedule 1 and Schedule 4 for the above Financial Statements as well as the Business Report.

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting：311,688,827
(Including votes casted electronically: 241,800,684votes)

Voting Results*		% of the total represented share present
Votes in favor	274,642,219 votes (205,276,076 votes)	88.11%
Votes against	407,089votes (407,089 votes)	0.13%
Votes invalid	0 votes	0.00%
Votes abstained	36,639,519votes (36,117,519 votes)	11.75%

*including votes casted electronically (number in brackets)

2. **(Proposed by the Board)**

Proposal**：** Adoption of the Company's 2019 distribution of earnings.

Description:

(1) The Company's 2019 net profit after tax is NT$2,134,870,687, minus this year's actuarial gain from defined benefit plans NT$2,146,160, minus disposal unrealized gain(losses) from financial assets measured at fair value through other comprehensive income carried forward to unappropriated retained earnings NT$52,698,379, minus legal reserve provision NT$ 208,002,615, minus special reserve provision NT$396,592,709, plus beginning retained earnings NT$3,420,171,288, the distributable retained earnings are NT$4,895,602,112. The 2019 distribution of earnings prepared according to the Articles of Incorporation is as follows:

PRIMAX ELECTRONICS LTD.
PROFIT ALLOCATION PROPOSAL
December 31, 2019

Unit: NT$

Item	Amount	
Beginning retained earnings		**3,420,171,288**
Less：Effects of retrospective application	0	
Adjusted unallocated earnings, beginning of year		**3,420,171,288**
Add : Net profit after tax	2,134,870,687	
Less：Actuarial Gain from Defined Benefit Plans	2,146,160	
Less：Disposal unrealized gain(losses) from financial assets measured at fair value through other comprehensive income carried forward to unappropriated retained earnings	52,698,379	
Less：10% Legal Reserve	208,002,615	
Less：Special reserve provision	396,592,709	
Distributable retained earnings		**4,895,602,112**
Distribution Item：		
Cash Dividends to Common Share Holders(NT$2.4 per share)	1,076,875,978	
Unappropriated Retained Earnings		**3,818,726,134**

Chairman：Li-Sheng Liang   General Manager：Li-Sheng Liang   Accounting Manager: Shu-chuan Chang

Note: 1. The per share dividends above are based on the 448,698,324 outstanding shares as of April 7, 2020.
2. For the distribution of cash dividends, all dollar amounts less than NT$ 1 for fractional shares shall be listed as the Company's other income.
3. The excepted dividend payout ratio for this distribution of profits is 50%

(2) For this distribution of profits, the 2019 earnings will be subject to distribution on a priority basis.

(3) The cash dividends total NT$1,076,875,978 and the per share dividends to be distributed are NT$2.4. The dividends will be distributed to the shareholders listed in the shareholders' roster on the ex-dividend date according to their respective shareholding. The above distribution ratio is calculated based on the total 448,698,324 outstanding shares as of April 7, 2020. After the proposal is approved at the regular shareholders' meeting, it is proposed the board of directors shall be authorized to determine the ex-dividend date and relevant matters.

(4) For the distribution of earnings, in the event of satisfaction of the vesting conditions on restrictive stock awards, buyback of the Company's shares, assignment or cancellation of treasury stock which influences the ratio of distributable dividends, it is proposed the shareholders' meeting shall authorize the Board of Directors to make proportionate adjustments to the ratio of distributable dividends based on the number of outstanding shares on the ex-dividend date.

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting：311,688,827
(Including votes casted electronically: 241,800,684votes)

Voting Results*		% of the total represented share present
Votes in favor	274,961,219 votes (205,595,076 votes)	88.21%
Votes against	362,089votes (362,089 votes)	0.11%
Votes invalid	0 votes	0.00%
Votes abstained	36,365,519votes (35,843,519 votes)	11.66%

*including votes casted electronically (number in brackets)

E. Discussion

1. **(Proposed by the Board)**

Proposal **:** Resolution of amendments to the Company's " Regulations of Shareholders' Meeting Proceedings ".

Description:

(1) The Company hereby proposes to amend the " Regulations of Shareholders' Meeting Proceedings " in accordance with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" published by Taiwan Stock Exchange Corporation.

(2) Please Refer to Schedule 5 for a comparison of the amendments to the "Regulations of Shareholders' Meeting Proceedings ".

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting：311,688,827

(Including votes casted electronically: 241,800,684votes)

Voting Results*		% of the total represented share present
Votes in favor	274,883,219 votes (205,517,076 votes)	88.19%
Votes against	428,089votes (428,089 votes)	0.13%
Votes invalid	0 votes	0.00%
Votes abstained	36,377,519votes (35,855,519 votes)	11.67%

*including votes casted electronically (number in brackets)

2. **(Proposed by the Board)**

Proposal **:** Resolution of issue of Restricted Employee Stock Award.

Description:

(1) In accordance with Article 267 of the Company Act and Regulations Governing the Offering and Issurance of Sercurities by Securities Issuers published by the Financial Supervisory Commission.

(2) Expected total amounts(shares) of issuance：3,000,000 shares.

(3) Expected issue price： NT$0 per share

(4) Vesting conditions：

I. Vesting conditions：

Divided into four categories: A, B, C and D and the vesting of each is based on achieving personal performance goals.

(I)Vesting for Category A：

i. Each Award of Restrictes Stock shall vest at a rate of 30% at the end of the first twelve months of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each Award of Restrictes Stock shall vest at a rate of 30% at end of two years of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iii. Each Award of Restrictes Stock shall vest at a rate of 40% at end of three years of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

(II)Vesting for Category B：

i. Each Award of Restrictes Stock shall vest at a rate of 50% at the end of the first twelve months of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each Award of Restrictes Stock shall vest at a rate of 50%at end of two years of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

(III)Vesting for Category C：

Each award of Restrictes Stock shall vest at a rate of 100% at the end of the first twelve months of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

(IV)Vesting for Category D：

i. Each award of Restrictes Stock shall vest at a rate of 15% at the end of the first twelve months of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each award of Restrictes Stock shall vest at a rate of 15% at end of two years of continuous employment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iii. Each award of Restrictes Stock shall vest at a rate of 20% at end of three years of continuousemployment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iv. Each award of Restrictes Stock shall vest at a rate of 20% at end of four years of continuousemployment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

v. Each award of Restrictes Stock shall vest at a rate of 30% at end of five years of continuousemployment after granting the award and achievement of personal performance goals and business performance goals in the previous year.

(V)The aforementioned personal performance goals shall mean the accomplishment of individual performance goals in accordance with the Company's "Performance Review and Development Measures", including pre-set goals and special contributions. The rating of Year-end performance review should be 3 and above.

(VI)The aforementioned business performance goals shall mean the Earnings Per Share (EPS) of the Company for the previous year prior to the scheduled date to vest is not less than NT$3,and the Return On Equity (ROE) and of the Company for the previous year prior to the scheduled date to vest is not less than 12%.

II.The type of shares: new common shares of the Company.

III.Measures to be taken when employees fail to meet the vesting conditions: In circumstance where the Restrictes Stock was not vested due to failure to meet vesting conditions, such shares will be bought back by the Company without charge and will be written off.

(5) Qualification requirements for employees：

I. Employees who will be eligible to receive RSA are limited to full-time employees who have registered with the Company, and will be limited to the ones who are important to the Company's future success and development; whose individual performance are valuable to the Company; or those who are considered as the valuable newhires. Employee who has hold over 10% shares of the company should be excluded.

Ⅱ. The actual number of shares to be granted will take into account the rank of the employee, performance, overall contribution and other factors, as well as the Company's operational requirements and business development strategy. Prior approval of the Remuneration Committee shall be obtained for those who are employed as managers.

Ⅲ. The total number of shares each individual employee may acquire by exercising the RSAs, plus the total number of employee stock warrants issued by the Company in accordance with Article 56-1 (1) of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall not exceed 0.3% of the total number of issued shares. In addition, the number of shares each individual employee may acquire through the exercise of employee stock warrants issued by the Company in accordance with Article 56-1 (1) of the said Regulations shall not exceed 1% of the total number of issued shares.

(6) The reason why it is necessary to issue restricted stocks for employees：

For attracting and retaining outstanding professionals, in order to create long-term Company growth and benefits for employees and shareholders.

(7) Calculated expense amount：

Estimations are made based on NT$40, The amount of annual cost sharing for year 2020, 2021, 2022, 2023, 2024, 2025 and 2026 shall be NT$2,916,667, NT$47,366,667, NT$37,983,333, NT$20,066,667, NT$7,066,667, NT$3,400,000 and NT$1,200,000 respectively, with a total amount of NT$120,000,000.

(8) Dilution of EPS and other factors affecting shareholder's equity：

Estimations are made based on NT$40, The diluted EPS for year 2020, 2021, 2022, 2023, 2024, 2025 and 2026 shall be NT$0.01, NT$0.10, NT$0.08, NT$0.04, NT$0.02, NT$0.01 and NT$0.00 respectively.

(9) Restricted rights before employees meet the vesting conditions：

Restrictions, covenants or outstanding issues in relation to the establishment of this Plan shall be dealt in accordance with the relevant laws and the Company's Procedures.

(10)Other important stipulations：

The new shares issued by the Company through the exercise of Restrictes Stock shall be dealt in accordance with measures for stock trust.

(11)Any other matters that need to be specified：

Ⅰ. For the long term retention purpose, the Award shall be issued mainly for Category A and D, Award for Category B and C will be issued subject to the commitment of Remuneration Committee, and for the below purpose:

(Ⅰ)For employment of major talents.

(Ⅱ)For the urgent cases (Retain for main technical talents, main manufacturing process talents and high operational impact managers).

The average number of Restricted Employee Stock Award issued for Category A in recent years (Y2017 to Y2019) is 96 % of the total number of Restricted Employee Stock Award; Category B is 1%; Category C is 3%; Category D is the new vesting condition.

Ⅱ. In circumstance where amendments to the conditions for issuance of Restrictes Stock are required by instructions from the competent authorities, the amended of relevant laws and rules, or in response to financial market conditions, the Chairman of the Company is authorized to amend these provisions, which shall become effective upon approval by the Board of Directors.

Ⅲ. Based on the total number of issued shares (448,730,824 shares) as of March 19, 2020, the 3,000,000 new shares to be issued will account for 0.67% of the total number of issued shares.

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting：311,688,827

(Including votes casted electronically: 241,800,684votes)

Voting Results*		% of the total represented share present
Votes in favor	265,540,564 votes (196,174,421 votes)	85.19%
Votes against	9,787,744votes (9,787,744 votes)	3.14%
Votes invalid	0 votes	0.00%
Votes abstained	36,360,519 votes (35,838,519 votes)	11.66%

*including votes casted electronically (number in brackets)

G. Extempore Motion: None.

H. The meeting was adjourned at 9:59 a.m.

(The Minutes record the summary of the essential points of the proceedings and the results of the meeting in accordance with Article 183 of Company Act. For more details please refer to the audio and video recording of the meeting.)

【Schedule 1】

Business Report

Looking back at 2019, the global market was full of instability. Major events such as Brexit, China-US trade disputes, the possible decline of the US economy as well as international politics and social disturbance posed difficult external challenges for many companies. In another aspect, with the promotion of rapidly growing emerging technologies for various product applications, new consumer electronic products continue to be introduced to the public, bringing further potential business opportunities for companies.

Primax had a full grasp of the market trend in 2019. It maintained stable operating strategies while focusing on the core competitiveness of R&D on acoustic and vision related products, which has seen stabilization and deepened our relationship with customers. 2019 was a good year regarding revenue as well as for optimized product portfolios.

Regarding business management, Tymphany benefited from strong demand for acoustic products of smart speakers, smart headphones and true wireless stereo (TWS). Together with the need for technology integration for audio brand customers, Tymphany's revenue in 2019 had grown substantially. In respect to the application of optical products, Primax's automotive camera modules have continued to show a stable shipment and excellent quality yield. By pursuing relationships with major global OEMs and tier-1 suppliers and assisting them in the development of components for smart driving, we can diversify risk from the mobile phone market. With the development of PC peripherals, Primax has created differentiated gaming products for customers with customized lighting technology and its application introduction which has maintained stable contribution to revenue and profit.

2019 was a crucial year for Primax in terms of manufacturing layout. Aside from the continuous promotion of the manufacturing upgrade of Industrial 4.0, the regional manufacturing plan was also implemented for risk diversification. The Company decided, other than China, Thailand will be the next production location and the investment in production and shipment will take effect in 2020, allowing it to start making a contribution to the Group's revenue.

The following is an overview of the Company's 2019 performance.

I. 2019 Financial Performance

(I) Financial Results

The Company generated NT$80,649,608 thousand of net consolidated operating revenues worldwide in 2019, representing a 24.4% growth from NT$64,811,408 thousand in 2018. Consolidated net income totaled NT$2,262,919 thousand in 2019, representing a 18.2% growth compared to NT$1,913,975 thousand in 2018.

(II) Cash Flow Analysis

Unit：NT$ thousand

Account	2019	2018	Net change
Net cash inflow (outflow) from operating activities	6,628,011	1,786,951	4,841,060
Net cash inflow (outflow) from investing activities	(3,578,919)	(2,917,352)	(661,567)
Net cash inflow (outflow) from financing activities	(1,098,408)	(1,539,774)	441,366

(III) Profitability Analysis

Account	2019	2018
Return on Equity (%)	15.36	13.69
Operating Income to Paid-in Capital (%)	61.59	43.41
Profit before Tax to Paid-in Capital (%)	64.96	52.84
Net Profit Margin (%)	2.81	2.95
Earnings per Share (Dollars)	4.80	4.12

(IV) R&D Investments

The Company committed NT$2,968,221 thousand to research and development expenses in 2019 as a means to enhance its R&D capacity and competitive advantage. The investment was spent on the design and development of new products/technologies and improvement in the production process.

II. Business Strategy and Technology Developments

Regarding business development, the focus for 2020 will center on developing technology-oriented products. The aim is on the core competitiveness that improves acoustic and vision related technologies. We will continue to develop new product applications in relation to acoustics, optics, and human-machine interfaces (HMI), increasing the market share. With Tymphany's acoustic products gradually becoming the Group's main contribution to revenue and profit in 2019, the subsequent direction will be the improvement in product quality and efficiency, and the continuous investment in technology R&D as well as the integration of new products. Among these, demand for smart speakers, smart headphones and TWS are expected to grow in 2020. Tymphany will try its very best with an opportunity to introduce mid- to high-end related products in a bid to maintain our position as a market leader.

In the development of optical products, technological applications brought with development trends such as mobile devices, digital home, artificial intelligence (AI), and internet of things (IoT) have gradually become more sophisticated. Primax will vigorously expand the application areas of new camera modules including 3D sensing, smart driving systems, etc.; new functions and manufacturing process will continually be developed on the software and hardware of visual imaging such as structured light 3D sensing, multi-camera design, image processing software, etc., thereby entering the market with products in relation to smart visionand smart homes.

PC peripheral business groups based on human-machine interfaces will continue to expand the revenue and profit of gaming peripheralsin 2020. At the same time, with the existing technology and the Company's design capacity, the Group's vision and acoustic technologies can keep up with new market trends and customer needs. Smart home related products such as door locks, surveillance, and security systems are planned for development. The Company will help brand customers to introduce the technology to new products, allowing the range of the Company products to expand from computers to IoT.

In terms of production management, the Company will continue making progressive upgrades to its production capacity in 2020, realizing its vision of smart manufacturing and Industry 4.0 starting with the adoption of automated manufacturing processes, big data and AI to largely enhance judgement and use of manufacturing information. Primax expects to reduce production costs, increase yield, and optimize utilization of production capacity. Regarding Thailand as a manufacturing base, production will be accelerated in 2020, establishing a large-scaled production base outside mainland China while maintaining high standards of product yield and quality.

The global economy will remain susceptible to the US-China trade war and the novel coronavirus (COVID-19) outbreak in the coming year, which the Company plans to respond to by focusing on Asia as the world's main supply chain. With the progress of Industry 4.0, and the layout of regional manufacturing, the Company is ready to face the harsh market challenge and welcome the next technological re-engineering opportunity.

Chairman and General Manager: Li-Sheng Liang

Accounting Manager: Shu-chuan Chang

Audit Committee’s Review Report

To: Shareholders' Meeting of Primax Electronics Ltd.

Among the Company's 2019 Business Report, Financial Statements and Proposal for Distribution of Earnings prepared and submitted by the Board of Directors, the Financial Statements have been fully audited by KPMG Taiwan which has issued the audit report.

The Audit committee members have audited the above Business Report, Financial Statements and Proposal for Distribution of Earnings and determined they are in compliance with the Company Act and other applicable laws and regulations and therefore issue this report pursuant to the provisions of Article 219 of the Company Act. I hereby submit this report.

Chairman of the Audit Committee: Tai-Jau Ku

Date: March 10, 2020

【Schedule 3】

PRIMAX ELECTRONICS LTD.

Comparison of Amendments to the Procedures for Ethical Management and Guidelines for Conduct

Amended Content	Current Content	Reason for Amendment and Explanation
Article 6 **(Responsible unit & Responsibilities)** This Corporation shall designate the ___Human Resource Department___ as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors (at least once every year): 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs and risk assessment mechanism to prevent unethical conduct , analyzing and assessing risk periodically , according to risk assessment result to ask the internal audit unit for assistance, and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and	**Article 6** **(Responsible unit)** This Corporation shall designate the ___Human Resource Department___ as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors: 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures	Subject to the amendment of Article 7,17 and 20 as set forth in Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines")

Amended Content	Current Content	Reason for Amendment and Explanation
preparing reports on the regular assessment of compliance with ethical management in operating procedures With respect to the matter set forth in preceding Item 6, the responsible unit may refer to other unit of this Corporation for assistance if necessary. <u>7. Adopting and keeping well the documents of ethical management policy, statement, implementation of ethical management, etc.</u>	With respect to the matter set forth in preceding Item 6, the responsible unit may refer to other unit of this Corporation for assistance if necessary.	
Article 12 **(Recusal)** When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recues himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. <u>If the spousal, second degree of kinship or company with controlled affiliation of the director has the relationship with the proposal at the meeting, the director should be interest avoidance.</u> If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by	**Article 12** **(Recusal)** When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recues himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.	Subject to the amendment of Article 11 as set forth in Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies (hereinafter,"Principles").

Amended Content	Current Content	Reason for Amendment and Explanation
his or her involvement in the commercial activities other than those of this Corporation.		
Article 16 **(The provisions of the Exchange Act and Non-disclosure agreement)** All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.	**Article 16** **(Non-disclosure agreement)** All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.	Subject to the amendment of Article 15 as set forth in Principles.
Article 17 **(Compliance and Announcement of policy of ethical management to outside parties)** The Directors and Executive management shall sign the ethical management statement , the statements shall be kept well in this corporation and the newcomer shall comply with the offer letter about ethical management statement. This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as supplier conferences and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.	**Article 17** **(Announcement of policy of ethical management to outside parties)** This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as supplier conferences and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.	Subject to the amendment of Article 16 as set forth in Principles.

Amended Content	Current Content	Reason for Amendment and Explanation
Article 22 **(Whistle blowing procedure and incentive reward)** As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward: 1. The seriousness is the truth : NT$1,000 . 2. The actual damage by the seriousness : additional reward not less than NT$3,000. 3. Insiders may also be praised publicly as a reward. Nevertheless, insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information: 1.The informed party's name or other information sufficient to distinguish its identifying features. 2.Specific facts available for investigation.	**Article 22** **(Whistle blowing procedure and incentive reward)** As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward: 1. The seriousness is the truth : NT$1,000. 2.The actual damage by the seriousness : additional reward not less than NT$3,000. 3. Insiders may also be praised publicly as a reward. Nevertheless, insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information: 1.The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached. 2.The informed party's name or other information sufficient to distinguish its identifying features. 3.Specific facts available for investigation.	Subject to the amendment of Article 23 as set forth in Principles.
Article 24 **(Internal promotion, establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)** The responsible unit of this Corporation shall organize the awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors and employees. This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall	**Article 24** **(Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)** The responsible unit of this Corporation shall organize the awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors and employees. This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position	Subject to the amendment of Article 23 as set forth in Principles.

Amended Content	Current Content	Reason for Amendment and Explanation
dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation. This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.	or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation. This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.	
Article 25 **(Enforcement)** ….(Skip) Date：2012.3.20 (Enacted) Date：2015.7.7 (Amended) Date：2019.8.14 (Amended) Date：2020.4.8 (Amended)	**Article 25** **(Enforcement)** ….(Skip) Date：2012.3.20 (Enacted) Date：2015.7.7 (Amended)	Update the amended date.

KPMG

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Independent Auditors' Report

To the board of directors of PRIMAX ELECTRONICS LTD.:

Opinion

We have audited the parent company only financial statements of PRIMAX ELECTRONICS LTD.(" the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audits the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the reports of the other auditors. The Company's investment in these companies constituting 15% and 13% of the total assets, as of December 31, 2019 and 2018, respectively. The related share of profit of associates accounted for using the equity method amounted constituting 29% and 31% of the profit before tax, for the years ended December 31, 2019 and 2018, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

   Please refer to Note 4(g) "Inventories", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(e) "Inventories" of the financial statements.

   Description of key audit matter:

   Inventories of the Company are measured at the lower of cost and net realizable value. Due to the fast high-tech revolution, as well as the advancement of production technologies that may lead the dramatic change in customers' demand, the net realizable value of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, the evaluation of inventories is one of the key audit matters for our audit.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the policies of evaluating the inventories of the Company; inspecting whether existing inventory policies are applied; examine the accuracy of the aging of inventories by sampling and analyze the changes of the aging of inventories; sampling the inventories sold in subsequent period to assess whether the allowance for inventories are reasonable.

2. Investments accounted for using equity method

   Please refer to Note 4(h) "Investments in subsidiaries", and Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the financial statements.

   Description of key audit matter:

   Based on the scope and nature of their businesses of the Company's investments accounted for using equity method, the net realizable value of inventories in certain subsidiaries required the managements to make subjective judgments, which is the major source of estimation uncertainty and may influence the outcome of their operations. Therefore, the valuation of inventories of the investments accounted for using equity method is one of the key audit matters for our audit.

   In 2014, the Company acquired Tymphany Worldwide Enterprises Ltd. through its subsidiary, Diamond (Cayman) Holdings Ltd.; and in July 2019, the Company lost its control over ALT International Co., Ltd (Cayman) and its subsidiaries due to not having obtained more than 50% of its board of directors' voting rights in the interim shareholders' meeting. As a result, the Company recognized the investment in ALT International Co., Ltd (Cayman) as repurchase after disposal, which was remeasured at fair value. The two transactions metioned above resulted in the Company to recognize its goodwill, technologies, and customer relations, as intangible assets. The rapid industrial transformation and the assessment of impairment contained an estimation uncertainty; therefore, the assessment of impairment of intangible assets, recognized from the acquisition of the subsidiaries and associates accounted for using equity method, is one of the key audit matters for our audit.

   How the matter was addressed in our audit:

   For the principal audit procedures on the valuation of inventories of the investments accounted for using equity method, please refer to key audit matters 1. "Evaluation of inventories". In addition, the consolidated financial statements of all Tymphany Worldwide Enterprises Ltd. and its subsidiaries were audited by other auditors; therefore, we issued audit instructions to their auditors as guidelines to communicate the key audit matters with them and obtained the feedbacks required in the audit instructions.

The principal audit procedures on the assessment of impairment of intangible assets of the investments accounted for using equity method included: evaluating the identification of cash generating units and any indication of impairment relating to intangible assets made by management; acquiring intangible evaluation reports from external expert engaged by the Company; appointing our internal expert to review the evaluation reports and assessing the reasonability of measurements, parameters, and assumptions; evaluating the operation outcomes and comparing them to the past forecasts; making sensitivity analysis for evaluation of impairment losses and evaluating the completeness of disclosure in the financial reports.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted 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 on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion of the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partners on the audit resulting in this independent auditors' report are MEI-PIN WU and CHI-LUNG YU.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2020

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,238,853	8	2,239,009	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	172,807	1	75,081	-
1170	Notes and accounts receivable, net (notes 6(d) and (t))	6,638,573	22	7,505,903	27
1180	Accounts receivable from related parties, net (notes 6(d), (t) and 7)	567,095	2	111,619	1
1200	Other receivables (notes 6(d) and 7)	388,334	1	258,597	1
1310	Inventories (note 6(e))	3,210,952	11	2,182,893	8
1470	Other current assets	42,112	-	30,164	-
		13,258,726	45	12,403,266	45
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	65,547	-	263,624	1
1550	Investments accounted for using equity method, net (notes 6(f) and 7)	14,973,751	51	14,166,264	51
1600	Property, plant and equipment (note 6(g))	92,804	-	92,023	-
1755	Right-of-use assets (note 6(h))	342,146	1	-	-
1760	Investment property, net (note 6(i))	244,468	1	248,028	1
1780	Intangible assets (note 6(j))	9,763	-	13,738	-
1840	Deferred tax assets (note 6(p))	524,769	2	433,179	2
1990	Other non-current assets—other	79,523	-	65,658	-
		16,332,771	55	15,282,514	55
	Total assets	$ 29,591,497	100	27,685,780	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(k))	$ -	-	950,000	3
2170	Notes and accounts payable	90,504	-	5,161	-
2180	Accounts payable to related parties (note 7)	11,139,174	38	10,475,212	38
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	207,211	1	19,449	-
2200	Other payables (note 7)	1,690,295	6	1,228,790	4
2201	Salaries payable	380,641	1	244,773	1
2280	Current lease liabilities (note 6(m))	86,887	-	-	-
2300	Other current liabilities (note 6(t))	205,773	1	213,283	1
2320	Long-term borrowings, current portion (note 6(l))	27,777	-	55,556	-
2365	Current refund liabilities	1,340,251	4	1,062,412	4
		15,168,513	51	14,254,636	51
	Non-Current liabilities:				
2622	Long-term accounts payable to related parties (note 7)	-	-	357,703	2
2540	Long-term borrowings (note 6(l))	-	-	27,777	-
2580	Non-current lease liabilities (note 6(m))	260,939	1	-	-
2630	Long-term deferred revenue (note 6(g))	1,165,686	4	807,831	3
2600	Other non-current liabilities (notes 6(o) and (p))	688,357	2	612,012	2
		2,114,982	7	1,805,323	7
	Total liabilities	17,283,495	58	16,059,959	58
3110	Ordinary shares (note 6(q))	4,485,808	15	4,474,523	16
3200	Capital surplus (note 6(q))	1,483,045	5	1,377,077	5
3310	Legal reserve (note 6(q))	1,370,470	5	1,187,783	5
3320	Special reserve (note 6(q))	662,348	2	299,065	1
3350	Unappropriated retained earnings (notes 6(c) and (q))	5,500,198	19	5,038,483	18
3400	Other equity interest (note 6(c))	(1,193,867)	(4)	(751,110)	(3)
	Total equity	12,308,002	42	11,625,821	42
	Total liabilities and equity	$ 29,591,497	100	27,685,780	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(t) and 7)	$ 36,178,733	100	33,984,435	100
5000	Operating costs (notes 6(e), (o), (u), 7 and 12)	32,669,734	90	31,565,824	93
	Gross profit from operations	3,508,999	10	2,418,611	7
	Operating expenses (notes 6(o), (r), (u), 7 and 12):				
6100	Selling expenses	609,578	2	530,897	2
6200	Administrative expenses	526,757	1	475,000	1
6300	Research and development expenses	1,111,728	3	999,294	3
6450	Expected credit loss (Reversal of expected credit loss) (note 6(d))	3,443	-	(54,910)	-
	Total operating expenses	2,251,506	6	1,950,281	6
	Net operating income	1,257,493	4	468,330	1
	Non-operating income and expenses:				
7010	Other income (notes 6(v) and 7)	29,528	-	39,800	-
7020	Other gains and losses (notes 6(w) and 7)	380,362	1	288,389	1
7070	Share of profit of subsidiaries and associates accounted for using equity method (note 6(f))	896,040	2	1,332,971	4
7050	Finance costs (note 6(m))	(69,109)	-	(18,361)	-
	Total non-operating income and expenses	1,236,821	3	1,642,799	5
	Profit before income tax	2,494,314	7	2,111,129	6
7950	Less: Income tax expenses (note 6(p))	359,444	1	284,259	1
	Profit	2,134,870	6	1,826,870	5
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans (note 6(o))	(2,146)	-	(473)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(17,148)	-	(134,472)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(19,294)	-	(134,945)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(470,683)	(1)	(187,628)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(470,683)	(1)	(187,628)	(1)
8300	Other comprehensive income	(489,977)	(1)	(322,573)	(1)
	Comprehensive income (after tax)	$ 1,644,893	5	1,504,297	4
	Earnings per share (note 6(s))				
9710	Basic earnings per share (NT dollars)	$	4.80		4.12
9810	Diluted earnings per share (NT dollars)	$	4.77		4.09

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Retained earnings			Other equity interest			
	Ordinary shares	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation	Total equity
Balance on January 1, 2018 after adjustments	$ 4,456,883	3,085	1,232,490	982,041	97,300	5,050,917	(372,554)	30,916	(95,806)	11,385,272
Profit	-	-	-	-	-	1,826,870	-	-	-	1,826,870
Other comprehensive income	-	-	-	-	-	(473)	(187,628)	(134,472)	-	(322,573)
Comprehensive income	-	-	-	-	-	1,826,397	(187,628)	(134,472)	-	1,504,297
Appropriation and distribution of retained earnings:										
Appropriated legal reserve	-	-	-	205,742	-	(205,742)	-	-	-	-
Appropriated special reserve	-	-	-	-	201,765	(201,765)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,430,068)	-	-	-	(1,430,068)
Changes in shares of investment accounted for using equity method	-	-	81,571	-	-	-	-	134	-	81,705
Retirement of restricted stock	-	-	-	-	-	-	-	-	84,615	84,615
Amortization expense of restricted stock	(3,640)	-	(45,324)	-	-	-	-	-	48,964	-
Issuance of restricted stock	20,000	-	106,535	-	-	-	-	-	(126,535)	-
Issuance of ordinary shares for employee stock option	1,280	(3,085)	1,805	-	-	-	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(1,256)	-	1,256	-	-
Balance on December 31, 2018	4,474,523	-	1,377,077	1,187,783	299,065	5,038,483	(560,182)	(102,166)	(88,762)	11,625,821
Profit	-	-	-	-	-	2,134,870	-	-	-	2,134,870
Other comprehensive income	-	-	-	-	-	(2,146)	(470,683)	(17,148)	-	(489,977)
Comprehensive income	-	-	-	-	-	2,132,724	(470,683)	(17,148)	-	1,644,893
Appropriation and distribution of retained earnings:										
Appropriated legal reserve	-	-	-	182,687	-	(182,687)	-	-	-	-
Appropriated special reserve	-	-	-	-	363,283	(363,283)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,072,341)	-	-	-	(1,072,341)
Changes in shares of investment accounted for using equity method	-	-	9,990	-	-	-	-	38,540	-	48,530
Amortization expense of restricted stock	-	-	-	-	-	-	-	-	61,099	61,099
Retirement of restricted stock	(6,915)	-	(2,848)	-	-	-	-	-	9,763	-
Issuance of restricted stock	18,200	-	98,826	-	-	-	-	-	(117,026)	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(52,698)	-	52,698	-	-
Balance on December 31, 2019	$ 4,485,808	-	1,483,045	1,370,470	662,348	5,500,198	(1,030,865)	(28,076)	(134,926)	12,308,002

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	2,494,314	2,111,129
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		138,740	40,667
Losses related to inventories		67,919	73,441
Amortization of long-term deferred revenue		(336,120)	(358,985)
Expected credit loss (reversal)		3,443	(54,910)
Interest expense		63,746	12,439
Interest income		(17,280)	(17,889)
Compensation cost of share-based payment		61,099	84,615
Share of profit of subsidiaries accounted for using equity method		(896,040)	(1,332,971)
Amortization of unrealized revenue of patents disposed		(15,450)	(2,571)
Total adjustments to reconcile profit (loss)		(929,943)	(1,556,164)
Changes in operating assets and liabilities:			
Accounts receivable, including related parties		408,411	(1,249,212)
Other receivable		(210,121)	(7,921)
Inventories		(1,095,978)	(127,893)
Other current assets		(11,948)	(2,523)
Other operating assets		(97,725)	18,014
Changes in operating assets		(1,007,361)	(1,369,535)
Notes and accounts payable, including related parties		749,305	2,113,165
Salaries payable		135,868	38,644
Other payables		653,795	223,930
Other current liabilities		(7,511)	(35,270)
Long-term deferred revenue		693,975	281,236
Other operating liabilities		186,052	(85,041)
Changes in operating liabilities		2,411,484	2,536,664
Total changes in operating assets and liabilities		1,404,123	1,167,129
Total adjustments		474,180	(389,035)
Cash inflow generated from operations		2,968,494	1,722,094
Interest received		17,280	17,889
Interest paid		(63,675)	(12,368)
Income taxes paid		(248,894)	(118,360)
Net cash flows from operating activities		2,673,205	1,609,255
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(33,273)	(8,880)
Proceeds from disposal of financial assets at fair value through other comprehensive income		214,202	7,343
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	691
Acquisition of investments accounted for using equity method		(318,150)	(2,804,040)
Acquisition of property, plant and equipment		(50,266)	(39,909)
Acquisition of unamortized expense		(4,378)	(14,462)
Decrease in refundable deposits		200	1,790
Proceeds from disposal of intangible assets		-	154,500
Dividends received		214	13,437
Other investing activities		(89)	(90)
Net cash used in investing activities		(191,540)	(2,689,620)
Cash flows from (used in) financing activities:			
Increase (decrease) in short-term borrowings		(950,000)	950,000
Repayments of long-term borrowings		(55,556)	(135,555)
Increase in guarantee deposits received		39,418	21,948
Payment of lease liabilities		(85,639)	-
Cash dividends paid		(1,072,341)	(1,430,068)
Decrease in long-term accounts payable to related parties		(357,703)	(66,241)
Net cash flows used in financing activities		(2,481,821)	(659,916)
Net decrease in cash and cash equivalents		(156)	(1,740,281)
Cash and cash equivalents at beginning of period		2,239,009	3,979,290
Cash and cash equivalents at end of period	$	2,238,853	2,239,009

See accompanying notes to parent company only financial statements.

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Independent Auditors' Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Opinion

We have audited the consolidated financial statements of PRIMAX ELECTRONICS LTD. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain subsidiaries. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to those subsidiaries, is based solely on the reports of the other auditors. As of December 31, 2019 and 2018, the assets of these subsidiaries constitute 49% and 33%, respectively, of the consolidated total assets. For the years ended December 31, 2019 and 2018, the operating revenue of these subsidiaries constitute 51% and 41%, respectively, of the consolidated operating revenue.

We did not audit the financial statements of ALT International Co., Ltd (Cayman), which represented the investments accounted for using equity method. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ALT International Co., Ltd (Cayman), is based solely on the report of another auditor. The investment in ALT International Co., Ltd (Cayman) accounted for using the equity method constituted 1% of the consolidated total assets at December 31, 2019, and the related share of loss of associates accounted for using equity method constituted 0% of consolidated profit after tax for the year ended.

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion with other matter paragraph.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

   Please refer to Note 4(h) "Inventories", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(e) "Inventories" of the consolidated financial statements.

   Description of key audit matter:

   Inventories of the Group are measured at the lower of cost and net realizable value. Due to the fast high-tech revolution, as well as the advancement of production technologies that may lead dramatic change in customers' demand, the net realizable value of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, evaluation of inventories is one of the key audit matters for our audit.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the policies of evaluating the inventories of the Group; inspecting whether existing inventory policies are applied; examine the accuracy of the aging of inventories by sampling and analyse the changes of the aging of inventories; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

   In addition, the consolidated financial statements of certain subsidiaries were audited by other auditors, therefore, we have issued audit instructions to their auditors as guidelines to communicate the above key audit matters with them and reviewed other auditors' working papers, as well as obtained the feedbacks required in the audit instructions.

2. Lost control of subsidiaries

   Please refer to Note 4(c) "Basis of consolidation", Note 4(j) "Business combination" and Note 6(h) "loss control of subsidiaries" of the consolidated financial statements.

   Description of key audit matter:

   In July 2019, ALT International Co., Ltd (Cayman) held an interim shareholders' meeting and re-elected its directors, wherein the Group did not obtain more than 50% of its board of directors' voting rights. Therefore, the Group did not have the right to direct the relevant activities of ALT International Co., Ltd (Cayman) and lost its control over ALT International Co., Ltd (Cayman), but still retained significant influence. Thereafter, investment in ALT International Co., Ltd (Cayman) was reclassified to investments accounted for using the equity method. This transaction is deemed as non-routine and significant transaction for the year 2019 and will influence the users' comprehension on the financial statements. Therefore, lost control of subsidiaries is one of our key audit matters for our audit.

   How the matter was addressed in our audit:

   The principal audit procedures on lost control of subsidiaries included: reviewing the related documents at the time of loss of control; appointing our internal expert to review whether the measurements the Group adopted in evaluation report is common in the industry; verifying the correctness of profit or loss of disposal with the management's calculation and inspecting the completeness of disclosures related to this transaction in the consolidated financial statements.

3. Impairment assessment of intangible assets

Please refer to Note 4(p) "Impairment of non-financial assets", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(n) "Intangible assets" of the consolidated financial statements.

Description of key audit matter:

In 2014, the Company acquired Tymphany Worldwide Enterprises Ltd. through its subsidiary, Diamond (Cayman) Holdings Ltd.; and in July 2019, the Company lost its control over ALT International Co., Ltd (Cayman) and its subsidiaries due to not having obtained more than 50% of its board of directors' voting rights in the interim shareholders' meeting, as a result, the Company recognized the investment in ALT International Co., Ltd (Cayman) as repurchase after disposal, which was remeasured at fair value. The two transactions metioned above resulted in the Group to recognize its goodwill, technologies, and customer relations, as intangible assets. The rapid industrial transformation and the assessment of impairment contained estimation uncertainty; therefore, the assessment of impairment of intangible assets is one of the key audit matters for our audit.

How the matter was addressed in our audit:

The principal audit procedures on the assessment of impairment of intangible assets included: evaluating the identification of cash generating units and any indication of impairment relating to intangible assets made by the management; acquiring intangible evaluation reports from the Group and external expert engaged by the Group; appointing our internal expert to review the evaluation reports and assessing the reasonability of measurements, parameters, and assumptions; evaluating the operation outcomes and comparing them to the past forecasts; making sensitivity analysis for evaluation of impairment losses and evaluating the completeness of disclosure in the consolidated financial reports.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted 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 on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's 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.

The engagement partners on the audit resulting in this independent auditors' report are MEI-PIN WU and CHI-LUNG YU.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 6,700,510	13	4,990,458	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	187,016	-	115,608	-
1170	Notes and accounts receivable, net (notes 6(d) and (x))	19,197,355	36	16,382,468	38
1180	Accounts receivable from related parties, net (notes 6(d), (x) and 7)	180,471	-	539,820	1
1200	Other receivables (notes 6(d) and 7)	1,049,016	2	1,040,546	3
1310	Inventories (note 6(e))	10,493,246	20	7,760,333	18
1470	Other current assets (note 8)	1,515,598	3	642,927	1
		39,323,212	74	31,472,160	73
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	106,535	-	268,088	1
1550	Investments accounted for using equity method (notes 6(f) and (h))	904,753	2	-	-
1600	Property, plant and equipment (notes 6(k) and 8)	7,363,740	14	5,509,536	13
1755	Right-of-use assets (note 6(l))	1,843,153	3	-	-
1760	Investment property (note 6(m))	34,289	-	34,751	-
1780	Intangible assets (note 6(n))	2,501,156	5	4,463,979	10
1840	Deferred tax assets (note 6(t))	711,859	1	654,310	2
1985	Long-term prepaid rents	-	-	223,064	-
1990	Other non-current assets (note 8)	357,257	1	535,613	1
		13,822,742	26	11,689,341	27
	Total assets	$ 53,145,954	100	43,161,501	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(o) and 8)	$ 1,092,126	2	1,202,565	3
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	207,211	-	19,980	-
2170	Notes and accounts payable	23,744,889	45	18,447,564	43
2180	Accounts payable to related parties (note 7)	-	-	94,106	-
2200	Other payables (notes 6(g) and 7)	4,825,106	9	3,604,860	8
2201	Salaries payable	1,522,052	3	1,154,205	3
2280	Current lease liabilities (note 6(q))	278,609	-	-	-
2300	Other current liabilities (note 6(x))	312,761	1	375,158	1
2320	Long-term borrowings, current portion (notes 6(p) and 8)	27,777	-	67,548	-
2365	Current refund liabilities	1,552,275	3	1,094,833	2
		33,562,806	63	26,060,819	60
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(p) and 8)	150,529	-	239,015	1
2580	Non-current lease liabilities (note 6(q))	1,195,744	2	-	-
2630	Long-term deferred revenue (note 6(k))	2,960,815	6	910,800	2
2600	Other non-current liabilities (notes 6(f), (s) and (t))	772,420	2	980,749	2
		5,079,508	10	2,130,564	5
	Total liabilities	38,642,314	73	28,191,383	65
	Equity attributable to owners of parent:				
3110	Ordinary shares (note 6(u))	4,485,808	8	4,474,523	10
3200	Capital surplus (notes 6(i) and (u))	1,483,045	3	1,377,077	3
3310	Legal reserve (note 6(u))	1,370,470	3	1,187,783	3
3320	Special reserve (note 6(u))	662,348	1	299,065	1
3350	Unappropriated retained earnings (notes 6(c) and (u))	5,500,198	10	5,038,483	12
3400	Other equity interest (note 6(c))	(1,193,867)	(2)	(751,110)	(2)
36XX	**Non-controlling interests (notes 6(i) and (j))**	2,195,638	4	3,344,297	8
	Total equity	14,503,640	27	14,970,118	35
	Total liabilities and equity	$ 53,145,954	100	43,161,501	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2019 Amount	2019 %	2018 Amount	2018 %
4000	**Operating revenue (notes 6(x) and 7)**	$ 80,649,608	100	64,811,408	100
5000	**Operating costs (notes 6(e), (q), (r), (s), (y), 7 and 12)**	71,218,592	88	57,021,985	88
	Gross profit from operation	9,431,016	12	7,789,423	12
	Operating expenses (notes 6(q), (r), (s), (v), (y) and 12):				
6100	Selling expenses	1,503,193	2	1,447,730	2
6200	Administrative expenses	2,145,717	3	1,796,927	3
6300	Research and development expenses	2,968,221	4	2,664,477	4
6450	Expected credit loss (Reversal of expected credit loss) (note 6(d))	51,258	-	(62,225)	-
	Total operating expenses	6,668,389	9	5,846,909	9
	Net operating income	2,762,627	3	1,942,514	3
	Non-operating income and expenses:				
7010	Other income (note 6(z))	129,298	-	133,045	-
7020	Other gains and losses (notes 6(f), (h) and (aa))	241,454	1	349,320	1
7060	Share of loss of associates accounted for using equity method (note 6(g))	(11,067)	-	(16,753)	-
7050	Finance costs (note 6(q))	(208,411)	-	(43,924)	-
	Total non-operating income and expenses	151,274	1	421,688	1
	Profit before tax	2,913,901	4	2,364,202	4
7950	**Less: Income tax expenses (note 6(t))**	650,982	1	450,227	1
	Profit	2,262,919	3	1,913,975	3
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Losses on remeasurements of defined benefit plans (note 6(s))	(2,146)	-	(473)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(17,148)	-	(134,472)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(19,294)	-	(134,945)	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operation's financial statements	(525,368)	(1)	(192,374)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(525,368)	(1)	(192,374)	-
8300	**Other comprehensive income after tax**	(544,662)	(1)	(327,319)	-
	Comprehensive income	$ 1,718,257	2	1,586,656	3
	Profit attributable to:				
8610	Owners of parent	$ 2,134,870	3	1,826,870	3
8620	Non-controlling interests (note 6(j))	128,049	-	87,105	-
		$ 2,262,919	3	1,913,975	3
	Comprehensive income attributable to:				
8710	Owners of parent	$ 1,644,893	2	1,504,297	3
8720	Non-controlling interests (note 6(j))	73,364	-	82,359	-
		$ 1,718,257	2	1,586,656	3
	Earnings per share (note 6(w))				
9710	**Basic earnings per share (NT dollars)**	$	4.80		4.12
9810	**Diluted earnings per share (NT dollars)**	$	4.77		4.09

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital			Retained earnings			Other equity interest					
	Ordinary shares	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018 after adjustments	$ 4,456,883	3,085	1,232,490	982,041	97,300	5,050,917	(372,554)	30,916	(95,806)	11,385,272	1,596,530	12,981,802
Profit	-	-	-	-	-	1,826,870	-	-	-	1,826,870	87,105	1,913,975
Other comprehensive income	-	-	-	-	-	(473)	(187,628)	(134,472)	-	(322,573)	(4,746)	(327,319)
Comprehensive income	-	-	-	-	-	1,826,397	(187,628)	(134,472)	-	1,504,297	82,359	1,586,656
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	-	205,742	-	(205,742)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	-	201,765	(201,765)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,430,068)	-	-	-	(1,430,068)	-	(1,430,068)
Changes in shares of investment accounted for using equity method	-	-	81,571	-	-	-	-	134	-	81,705	230,640	312,345
Amortization expense of restricted stock	-	-	-	-	-	-	-	-	84,615	84,615	-	84,615
Retirement of restricted stock	(3,640)	-	(45,324)	-	-	-	-	-	48,964	-	-	-
Issuance of restricted stock	20,000	-	106,535	-	-	-	-	-	(126,535)	-	-	-
Issuance of ordinary shares for employee stock option	1,280	(3,085)	1,805	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(1,256)	-	1,256	-	-	-	-
Acquired non-controlling interest from business combination	-	-	-	-	-	-	-	-	-	-	1,434,768	1,434,768
Balance at December 31, 2018	4,474,523	-	1,377,077	1,187,783	299,065	5,038,483	(560,182)	(102,166)	(88,762)	11,625,821	3,344,297	14,970,118
Profit	-	-	-	-	-	2,134,870	-	-	-	2,134,870	128,049	2,262,919
Other comprehensive income	-	-	-	-	-	(2,146)	(470,683)	(17,148)	-	(489,977)	(54,685)	(544,662)
Comprehensive income	-	-	-	-	-	2,132,724	(470,683)	(17,148)	-	1,644,893	73,364	1,718,257
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	-	182,687	-	(182,687)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	-	363,283	(363,283)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,072,341)	-	-	-	(1,072,341)	-	(1,072,341)
Changes in shares of investment accounted for using equity method	-	-	9,990	-	-	-	-	38,540	-	48,530	4,138	52,668
Amortization expense of restricted stock	-	-	-	-	-	-	-	-	61,099	61,099	-	61,099
Retirement of restricted stock	(6,915)	-	(2,848)	-	-	-	-	-	9,763	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(42,152)	(42,152)
Issuance of restricted stock	18,200	-	98,826	-	-	-	-	-	(117,026)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(52,698)	-	52,698	-	-	-	-
Derecognition of non-controlling interest due to disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,184,009)	(1,184,009)
Balance at December 31, 2019	$ 4,485,808	-	1,483,045	1,370,470	662,348	5,500,198	(1,030,865)	(28,076)	(134,926)	12,308,002	2,195,638	14,503,640

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	2,913,901	2,364,202
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and Amortization expense		2,190,317	1,614,689
Loss related to inventories		349,962	249,385
Expected credit loss (reversal)		51,258	(62,225)
Interest expense		203,047	38,001
Interest income		(120,338)	(112,306)
Compensation cost of share-based payment		75,227	122,994
Share of loss of associates accounted for using equity method		11,067	16,753
Loss (gain) on disposal of property, plant and equipment		(34,144)	11,843
Loss on disposal of investments accounted for using equity method		-	(4,950)
Loss on disposal of subsidiaries		275,306	-
Total adjustments to reconcile profit (loss)		3,001,702	1,874,184
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(71,408)	25,543
Notes and accounts receivable		(3,110,708)	(2,839,678)
Other receivables		(79,852)	(185,411)
Accounts receivable from related parties		(11,134)	(280,343)
Inventories		(3,326,852)	(841,284)
Other current assets		(993,890)	21,876
Other operating assets		(14,412)	18,528
Changes in operating assets		(7,608,256)	(4,080,769)
Financial liabilities at fair value through profit or loss		187,231	(83,127)
Notes and accounts payable		5,449,971	1,944,724
Salaries payable		381,195	26,099
Accounts payable to related parties		(45,328)	(67,661)
Other payables		500,638	353,358
Other current liabilities		(62,304)	(60,961)
Refund liabilities		457,442	(15,838)
Other operating liabilities		2,048,913	(130,527)
Changes in operating liabilities		8,917,758	1,966,067
Total changes in operating assets and liabilities		1,309,502	(2,114,702)
Total adjustments		4,311,204	(240,518)
Cash outflow generated from operations		7,225,105	2,123,684
Interest received		120,338	112,306
Interest paid		(202,975)	(37,931)
Income taxes paid		(514,457)	(411,108)
Net cash flows from operating activities		6,628,011	1,786,951
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(33,273)	(8,880)
Proceeds from disposal of financial assets at fair value through other comprehensive income		214,202	7,343
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		2,016	2,107
Net cash flows from loss control of subsidiaries		(131,285)	-
Acquisition of investments accounted for using equity method		-	(1,370,824)
Increase in restricted deposits		-	(57,751)
Acquisition of property, plant and equipment		(3,559,181)	(1,973,862)
Proceeds from disposal of property, plant and equipment		74,349	60,841
Decrease (increase) in refundable deposits		(53,170)	48,944
Dividends received		214	13,437
Changes in non-controlling interests		-	273,832
Acquisition of unamortized expense		(91,905)	(37,027)
Aggregation from business combination without consideration transferred		-	379,844
Increase in other non-current assets		(886)	(255,356)
Net cash flows used in investing activities		(3,578,919)	(2,917,352)
Cash flows from (used in) financing activities:			
Increase (decrease) in short-term borrowings		125,268	(16,678)
Increase (decrease) in long-term borrowings		88,002	(106,914)
Increase in guarantee deposits received		52,001	13,886
Payment of lease liabilities		(249,186)	-
Cash dividends		(1,114,493)	(1,430,068)
Net cash flows used in financing activities		(1,098,408)	(1,539,774)
Effect of exchange rate changes on cash and cash equivalents		(240,632)	(160,378)
Net increase (decrease) in cash and cash equivalents		1,710,052	(2,830,553)
Cash and cash equivalents at beginning of period		4,990,458	7,821,011
Cash and cash equivalents at end of period	$	6,700,510	4,990,458

See accompanying notes to consolidated financial statements.

PRIMAX ELECTRONICS LTD.
Comparison of Amendments to the Regulations of Shareholders' Meeting Proceedings

Amended Content	Current Content	Reason for Amendment and Explanation
7. The Company shall make an uninterrupted audio and video record the proceedings of the whole shareholders' meeting and keep the recording for at least one year or a longer period of time until conclusion of a litigation proceedings if a shareholder files an action in accordance with Article 189 of the Company Act.	7. The Company shall audio or video record the proceedings of the whole shareholders' meeting and keep the recording for at least one year or a longer period of time until conclusion of a litigation proceedings if a shareholder files an action in accordance with Article 189 of the Company Act.	Revise in accordance with the Sample Template for 「XXX Co., Ltd. Rules of Procedure for Shareholders Meetings".
9. The agenda of a shareholders' meeting shall be created by the Board of Directors with the proposal submitted by the Board of Directors to be dealt with on a prioritized basis during the meeting. When the above proposals are being discussed, the chairperson of the meeting may determine if a shareholder's comments are related to the proposal in question. If the feedback or comments are not related to the proposal in question, discussion shall be continued at an extempore motion. The related proposals (including extemporary motions and reivsed proposals) shall be resolved by voting for each proposal. A meeting shall be proceeded with in accordance with a predetermined agenda unless changed by the resolution of a shareholders' meeting. The chairperson of the meeting shall not close the meeting prior to conclusion of the agenda unless a resolution is passed in favor of the closure. After closure of the meeting, shareholders shall not select a new chairperson to continue the meeting at the same location or a new location, except in the case of closure announced by the chairperson in violation of the regulations of meeting proceedings when a new chairperson may be elected with a majority vote of the attending shareholders to continue the meeting.	9. The agenda of a shareholders' meeting shall be created by the Board of Directors with the proposal submitted by the Board of Directors to be dealt with on a prioritized basis during the meeting. When the above proposals are being discussed, the chairperson of the meeting may determine if a shareholder's comments are related to the proposal in question. If the feedback or comments are not related to the proposal in question, discussion shall be continued at an extempore motion. A meeting shall be proceeded with in accordance with a predetermined agenda unless changed by the resolution of a shareholders' meeting. The chairperson of the meeting shall not close the meeting prior to conclusion of the agenda unless a resolution is passed in favor of the closure. After closure of the meeting, shareholders shall not select a new chairperson to continue the meeting at the same location or a new location, except in the case of closure announced by the chairperson in violation of the regulations of meeting proceedings when a new chairperson may be elected with a majority vote of the attending shareholders to continue the meeting.	The same as above reason.
15. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote with sufficient voting time.	15. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.	The same as above reason.

<table>
<tr><th>Amended Content</th><th>Current Content</th><th>Reason for Amendment and Explanation</th></tr>
<tr><td>16. For voting of a proposal, the proposal is approved with a majority vote of the attending shareholders except for the special resolutions otherwise provided for under the Company Act and the Articles of Incorporation.

If a shareholder authorizes a proxy to attend the shareholders' meeting, with the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</td><td>16. For voting of a proposal, the proposal is approved with a majority vote of the attending shareholders except for the special resolutions otherwise provided for under the Company Act and the Articles of Incorporation. <u>When a proposal is voted, if all the attending shareholders indicate unanimous consent when consulted by the chairperson, the proposal shall be deemed approved with the same validity as ballot voting. In the absence of unanimous consent, ballots shall be cast in a manner as provided under the applicable laws and regulations.</u>

If a shareholder authorizes a proxy to attend the shareholders' meeting, with the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</td><td>Revise in alignment with Article 9</td></tr>
<tr><td>21. These Regulations were established on November 7, 2008.

The first amendment was made on June 4, 2009.

The second amendment was made on May 25, 2017.

<u>The second amendment was made on June 23, 2020.</u></td><td>21. These Regulations were established on November 7, 2008.

The first amendment was made on June 4, 2009.

The second amendment was made on May 25, 2017.</td><td>Adding update to amendment date.</td></tr>
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