PRIMAX ELECTRONICS LTD.
Minutes of 2022Annual General Shareholders' Meeting
(Translation)

Time: May 26, 2022 (Thursday) 9 AM

Meeting type: physical shareholders meeting

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

Present: A total of 261,253,302 shares (including 229,661,719 shares represented by shareholders exercising voting rights electronically) are held by shareholders attending the shareholders' meeting in person or by a proxy, who represent 57.38% of the total number of the Company's outstanding 455,235,324 shares.

Present Directors: Li-Sheng Liang, Yung-Chung Pan, Yung-Tai Pan, Ji-Ren Lee, Chun-Pang Wu (Independent Director, Chairman of the Audit Committee), Chih-Kai Cheng (Independent Director), Jia-Bin Duh (Independent Director), Ying-Chuan Shen (Independent Director, via video conference) , attended by a majority of the directors

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

Recorder: Ting-Chuan Chang

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 2021 Business Report for review, please refer to Schedule 1.

Report No. 2: Audit Committee's Review Report on the 2021 Financial Statements for review, please refer to Schedule 2.

Report No. 3: Distribution of employees' and directors' compensation in 2021.
Description:

(1) The Board of Directors resolved to distribute NT$ 85,798,000 for employees' compensation and NT$ 42,899,000 for directors' compensation for year 2021.

(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 2021 was NT$ 2,677,531,510, the amount before deducting the sums of compensation of directors and employees was NT$ 2,806,228,510. Hence, the aforementioned compensation of employees and directors are respectively3.06% and 1.53% of the said NT$ 2,806,228,510.

(3) In the internal financial statements, the employees' compensation was recorded as NT$ 85,798,970 and NT$ 42,899,485 as directors' compensation for year 2021. The discrepancy amount was NT$-970 and NT$-485 respectively. The discrepancies were the difference between the outcomes of an accounting estimate, which will be handled by principles of accounting change.

D. Adoption

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

Proposal: Adoption of the Company's 2021 Business Report and Financial Statements.

Description:

The Company has completed the internal preparation of the 2021 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 3 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: 259,380,825
(Including votes casted electronically: 229,661,719 votes)

Voting Results*		% of the total represented share present
Votes in favor	241,677,762 votes (211,958,656 votes)	93.17%
Votes against	853,331votes (853,331votes)	0.32%
Votes invalid	0 votes	0.00%
Votes abstained	16,849,732votes (16,849,732votes)	6.49%

*Including votes casted electronically (number in brackets)

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

***Proposal*:** Adoption of the Company's 2021 distribution of earnings.

Description:

(1) The Company's net profit of 2021 is NT$ 2,298,282,052, minus this year's remeasurement of defined benefit obligation NT$ 5,573,654, minus legal reserve appropriated NT$ 229,270,840, minus special reserve appropriated NT$ 170,770,082, plus unappropriated retained earnings, beginning of year NT$ 4,199,693,024. The retained earnings available for distribution as of December 31, 2021, are NT$ 6,092,360,500. The 2021 distribution of earnings prepared according to the Articles of Incorporation is as follows:

PRIMAX ELECTRONICS LTD.
Earnings Distribution Proposal
Year 2021

Unit: NT$

Item	**Amount**	
Unappropriated Retained Earnings, beginning of year		**4,199,693,024**
Add : Net profit of 2021	2,298,282,052	
Less：Remeasurement of Defined Benefit Obligation	5,573,654	
Less：10% Legal Reserve	229,270,840	
Less：Special reserve appropriated	170,770,082	
Retained Earnings Available for Distribution as of December 31, 2021		**6,092,360,500**
Distribution Item：		
Cash Dividends (NT$3.1 per share)	1,411,229,505	
Unappropriated Retained Earnings		**4,681,130,995**

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

Note: 1.The per share dividends above are based on the 455,235,324 outstanding shares as of Feb.17, 2022 .
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 60.43%

(2) For this distribution of profits, the 2021 earnings will be subject to distribution on a priority basis.

(3) The cash dividends total NT$ 1,411,229,505 and the per share dividends to be distributed are NT$3.1. 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 455,235,324 outstanding shares as of Feb. 17, 2022. 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: 259,380,825
(Including votes casted electronically: 229,661,719 votes)

Voting Results*		% of the total represented share present
Votes in favor	242,524,762 votes (212,805,656 votes)	93.50%
Votes against	297,331votes (297,331 votes)	0.11%
Votes invalid	0 votes	0.00%
Votes abstained	16,558,732votes (16,558,732 votes)	6.38%

*Including votes casted electronically (number in brackets)

E. Discussion

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

Proposal: Resolution of amendments to the Company's " Procedures for Acquisition or Disposal of Assets ".

Description:

(1) It is proposed certain provisions of the Company's " Procedures for Acquisition or Disposal of Assets " shall be amended to comply with the amendment to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

(2) Please refer to Schedule 4 for a comparison of the amendments to the " Procedures for Acquisition or Disposal of Assets ".

Resolved: The proposal was approved after voting.

Voting Results: Shares represented at the time of voting: 259,380,825
(Including votes casted electronically: 229,661,719 votes)

Voting Results*		% of the total represented share present
Votes in favor	226,474,475 votes (196,755,369 votes)	87.31%
Votes against	11,831,901votes (11,831,901 votes)	4.56%
Votes invalid	0 votes	0.00%
Votes abstained	21,074,449votes (21,074,449votes)	8.12%

*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: 4,500,000 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 performance goals.

(I) Vesting for Category A:

i. Each award of Restricted Stock shall vest at a rate of 30% at the end of the first twelve months of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each award of Restricted Stock shall vest at a rate of 30% at the end of two years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iii. Each award of Restricted Stock shall vest at a rate of 40% at the end of three years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company 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 Restricted Stock shall vest at a rate of 50% at the end of the first twelve months of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each award of Restricted Stock shall vest at a rate of 50% at the end of two years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company 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 Restricted Stock shall vest at a rate of 100% at the end of the first twelve months of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company 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 Restricted Stock shall vest at a rate of 15% at the end of the first twelve months of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

ii. Each award of Restricted Stock shall vest at a rate of 15% at the end of two years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iii. Each award of Restricted Stock shall vest at a rate of 20% at the end of three years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

iv. Each award of Restricted Stock shall vest at a rate of 20% at the end of four years of continuous employment in Company or any companies which have a controlling or subordinate relation with the Company after granting the award and achievement of personal performance goals and business performance goals in the previous year.

v. Each award of Restricted Stock shall vest at a rate of 30% at the end of five years of continuous employment in Compamy or any companies which have a controlling or subordinate relation with the Company 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" of the company which the employees work for, 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$4, 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 13%.

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

III. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: In circumstance where the Restricted 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 criteria for employees:

I. Employees who will be eligible to receive RSA are limited to full-time employees who have registered with the Company or any companies which have a controlling or subordinate relation 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 new-hires. 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 necessary reason of the current issuance of RSA:
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$54.62, the average share price during the period of 60 trading days before Feb. 15, 2022, the amount of annual cost sharing for year 2022, 2023, 2024 and 2025 shall be NT$ 50,447,639, NT$117,433,000, NT$56,668,250, and NT$ 21,241,111 respectively, with a total amount of NT$245,790,000.

(8) Dilution of the Company's earnings per share (EPS) and other matters affecting shareholder's equity:

Estimations are made based on NT$54.62, the average share price during the period of 60 trading days before Feb. 15, 2022, the diluted EPS for year 2022, 2023, 2024, and 2025 shall be NT$0.11, NT$0.26, NT$0.12, and NT$0.05 respectively. No significant impact on shareholder's equity.

(9) Restrictions before employees meet the vesting conditions once the RSA are vested：
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 terms and conditions (including stock trust, etc.):

The new shares issued by the Company through the exercise of Restricted 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 and Category D in recent years (Y2019 to Y2021) is 88% of the total number of Restricted Employee Stock Award; Category B is 6%; Category C is 6%.

Ⅱ. In circumstance where amendments to the conditions for issuance of Restricted 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 t the total number of issued shares (455,263,324 shares) as of Feb. 15, 2022, the 4,500,000 new shares to be issued will account for 0.99% of the total number of issued shares.

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting: 259,380,825
(Including votes casted electronically: 229,661,719 votes)

Voting Results*		% of the total represented share present
Votes in favor	235,469,681 votes (205,750,575 votes)	90.78%
Votes against	2,735,322 votes (2,735,322 votes)	1.05%
Votes invalid	0 votes	0.00%
Votes abstained	21,175,822 votes (21,175,822 votes)	8.16%

*Including votes casted electronically (number in brackets)

3. (Proposed by the Board)

Proposal: Resolution of removal of the non-compete restrictions on the director

Description:

(1) According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) To draw on the expertise and relevant experience of the Company's directors to the benefit of the Company, as certain director concurrently work for other companies, which may constitute the act restricted under Article 209 of the Company Act, it is proposed for resolution to remove the non-compete restrictions on Director Ji-Ren Lee. Please refer to Schedule 5 for the details.

Resolved: the proposal was approved after voting.

Voting Results：Shares represented at the time of voting：259,380,825

(Including votes casted electronically: 229,661,719 votes)

Voting Results*		% of the total represented share present
Votes in favor	225,287,169 votes (196,568,063 votes)	86.85%
Votes against	11,989,564 votes (11,989,564 votes)	4.62%
Votes invalid	0 votes	0.00%
Votes abstained	22,104,092 votes (22,104,092 votes)	8.52%

*Including votes casted electronically (number in brackets)

F. Extempore Motion: None.

G. The meeting was adjourned at 9:46 a.m.

(The Minutes record the summary of the essential points of the proceedings and the results of the meeting in accordance with Paragraph 4 of Article 183 of the Company Act. For more details please refer to the audio and video recording of the meeting.)

【Schedule 1】

Business Report

Two years since the onset of the COVID-19 pandemic, the global economy in 2021 is marred with uncertainties, leading to uneven economic growth across countries. However, with COVID-19 gradually coming to an end, post-pandemic consumption has been characterized by a desire to splurge and indulge, fueling a strong increase in demand that eventually led to prolonged component shortages worldwide. The unprecedented disruption of global supply chain combined with excess liquidity from central banks around the world resulted in rising prices and costs. Today, inflation has emerged to become a critical challenge that affects all businesses in the world.

Thanks to operational resilience and a visionary approach of constantly investing in new technologies and products, Primax Electronics ("PRIMAX" or "the Company") quickly recovered from the pandemic. Precautionary measures were also taken to diversify and secure key component supplies. To further mitigate risks, efforts were made to diversify production sites and supply chain, so that the organization may better adapt to a growing trend of spread out global production in the post-pandemic era.

With regards to business operations and financial performance, PRIMAX once again achieved revenue growth in 2021 and delivered record-high earnings. For its visual technology, PRIMAX has successfully grown the business through sequential revenue growth from automotive electronics, especially from increased shipment of camera modules to leading electric vehicle manufacturers while deepening cooperation with customers on product development. Revenue and profit contributions from police cameras rebounded thanks to a gradual ease of component shortages in 2021, while progress has also been made in expanding into new businesses such as fitness equipment and smart door lock. Over the past year, PRIMAX's subsidiary TYMPHANY, has been focusing on professional audio and high-end consumer products, as well as video and conferencing solutions. TYMPHANY's focus on new businesses will pave way for growth in the upcoming years, as mass production of these new products will translate to future revenue and profit growth for the Group. In addition, benefiting from a growing trend of hybrid work, demand for PC and NB peripherals, optoelectronics, and multi-function printers remained strong throughout 2021.

With respect to production, PRIMAX's Thailand plant achieved higher production and shipment capacity in 2021. The construction of PRIMAX's Thailand plant has been completed by 2021 year-end, and the new plant will be an integral part of the Company's future success as it increases production capacity.

The following is an overview of the Company's 2021 performance.

I. 2021 business operation performance

(I) Overview of financial results in 2021

The Company generated worldwide consolidated net revenues of NT$71,649,849 thousand in 2021, representing a 5.0% growth over the NT$68,240,939 thousand in 2020. Consolidated net income totaled NT$2,393,221 thousand in 2021, representing a 23.1% increase compared to the NT$1,944,267 thousand in 2020.

(II) Cash flow analysis

Unit：NT$ thousand

Item	2021	2020	Net Change
Net cash inflow (outflow) from operating activities	1,673,476	4,816,243	(3,142,767)
Net cash inflow (outflow) from investing activities	(3,873,658)	(3,651,154)	(222,504)
Net cash inflow (outflow) from financing activities	227,249	(974,633)	1,201,882

(III) Profitability analysis

Item	2021	2020
Return on shareholders' equity (%)	14.98	12.96
Ratio of operating profit to paid-in capital (%)	61.78	51.00
Ratio of income before tax to paid-in capital (%)	66.55	54.97
Net profit margin (%)	3.34	2.85
Earnings per share (NT$)	5.13	4.30

(IV) Research and development

To further maintain its technological lead and enhance competitiveness, the Company invested NT$2,907,911 thousand in R&D in 2021 for the development of new technologies and products, while resources were also allocated for automation to upgrade and improve the production process.

II. 2022 business plans and business development strategies

PRIMAX will continue to enhance its technology by continuous investments into new technologies and by vertically integrating its global R&D resources. The technology enhancement projects will ensure PRIMAX maintains its leadership for core technology products, while at the same time strengthen the Company's system integration capabilities and ability to develop higher value-add products for its customers.

Through its unique and visionary Three-Senses-In-One (vision, audio and interface) strategy, PRIMAX will continue to provide high quality and value-add products to its customers. Looking forward, PRIMAX expects automotive electronics, Internet of Things, and smart home solutions to be the key post-pandemic technology trends and the next leg of revenue and profit growth for the Company. For visual technology, PRIMAX is actively exploring new applications for its camera module with emphasis on car ADAS, biometrics, fitness equipment, content creation, and augmented and virtual reality. For audio, TYMPHANY will continue its focus on professional audio and high-end consumer solutions, while new products such as video conferencing and car audio will further boost revenue and profit growth. TYMPHANY's investments into next generation technologies would enhance its product development and integrated solutions ability, and expand its lead over competitors. As for its interface business, PRIMAX's focus will be smart home related products such as door lock and surveillance and security related products.

For its production strategy, PRIMAX will continue to upgrade its manufacturing capabilities in line with the concepts of smart manufacturing and Industry 4.0. With an increased adoption of artificial intelligence, the Company expects continuous improvement in employee productivity. Meanwhile, with aims of expanding its global footprint, the Company will be continue to ramp up production in Thailand, and expand and solidify its supply chain. The Group will diversify its supply chain to lower costs while at the same time, ensure products are manufactured with high quality and yield.

Lastly, the Company is placing strong emphasis on ESG by aligning its strategies with United Nations' Sustainable Development Goals (SDGs). Definitive goals will be set at the Group level to enforce carbon reduction and energy conservation, while also actively participate in charities and support for underprivileged in remote areas. Moreover, attention will be directed to employee welfare and corporate governance in support of PRIMAX's goal as a best employer and to achieve a sustainable business development.

Chairman and President Li-Sheng Liang

Head of Accounting Shu-chuan Chang

【Schedule 2】

Audit Committee's Review Report

To: Shareholders' Meeting of Primax Electronics Ltd.

Among the Company's 2021 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: Chun-Pang Wu

Date: February 25, 2022

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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, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 audit 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 13% and 14% of the total assets, as of December 31, 2021 and 2020, respectively. The related share of profit of subsidiaries and associates accounted for using the equity method amounted constituting 12% and 3% of the profit after tax, for the years ended December 31, 2021 and 2020, 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; inspecting the reasonableness of the allowance provided for inventory valuation in the past and comparing it to the current year to ensure that the measurements and assumptions are appropriate.

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 subsidiaries 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 subsidiaries 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., the transaction resulted in the Company to recognize its goodwill, technologies, and customer relations, as intangible assets. In addition, the Company recognized its loss of control over ALT International Co., Ltd (Cayman) in 2019 as repurchase after disposal, resulting in the reclassification of its investment in ALT International Co., Ltd (Cayman) from subsidiary to investment accounted for using equity method. Due to intensive industrial competition, there is a probability that the abovementioned subsidiaries and associates are under the risk of impairment. Therefore, the management decided to perform an impairment assessment of investment accounted for using equity method which contain a significant estimation uncertainty; thus, the assessment of impairment of investment 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 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 recoverable amount of the investments accounted for using equity method included: evaluating the identification of cash generating units and any indication of impairment made by management; acquiring impairment assessment reports from external expert engaged by the Company; reviewing the impairment assessment 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)
February 25, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,945,651	6	3,370,254	10
1110	Current financial assets at fair value through profit or loss (note 6(b))	153,676	-	260,987	1
1170	Accounts receivable, net (notes 6(d) and (t))	5,171,793	16	6,575,807	21
1180	Accounts receivable from related parties, net (notes 6(d), (t) and 7)	2,542,289	8	563,475	2
1200	Other receivables (notes 6(d) and 7)	152,352	-	220,212	1
1310	Inventories (note 6(e))	3,831,953	12	4,133,700	13
1470	Other current assets	67,249	-	37,562	-
		13,864,963	42	15,161,997	48
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	221,547	-	94,263	-
1550	Investments accounted for using equity method, net (note 6(f))	15,732,110	48	15,465,579	48
1600	Property, plant and equipment (notes 6(g) and 8)	863,616	3	100,891	-
1755	Right-of-use assets (note 6(h))	1,227,541	4	255,763	1
1760	Investment property, net (note 6(i))	237,348	1	240,908	1
1780	Intangible assets (note 6(j))	5,653	-	7,708	-
1840	Deferred tax assets (note 6(p))	547,273	2	493,021	2
1990	Other non-current assets	153,492	-	78,562	-
		18,988,580	58	16,736,695	52
	Total assets	$ 32,853,543	100	31,898,692	100

Code	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(k))	$ 332,000	1	280,000	1
2170	Notes and accounts payable	61,240	-	62,501	-
2180	Accounts payable to related parties (note 7)	9,799,684	30	11,625,520	37
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	602,978	2	432,171	1
2200	Other payables (note 7)	2,043,086	6	2,163,057	7
2201	Salaries payable	440,409	1	256,850	1
2280	Current lease liabilities (note 6(m))	68,501	-	91,140	-
2300	Other current liabilities (note 6(t))	579,993	2	541,277	2
2365	Current refund liabilities	1,612,963	5	1,391,042	4
		15,540,854	47	16,843,558	53
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(l) and 8)	429,500	1	-	-
2580	Non-current lease liabilities (note 6(m))	1,190,212	4	174,194	-
2630	Long-term deferred revenue (note 6(g))	709,599	2	876,467	3
2600	Other non-current liabilities (notes 6(o) and (p))	807,866	3	716,640	2
		3,137,177	10	1,767,301	5
	Total liabilities	18,678,031	57	18,610,859	58
3110	Ordinary shares (note 6(q))	4,552,633	14	4,508,983	14
3200	Capital surplus (note 6(q))	1,758,780	5	1,567,628	5
3310	Legal reserve (note 6(q))	1,769,946	5	1,578,473	5
3320	Special reserve (note 6(q))	1,046,360	3	1,058,941	3
3350	Unappropriated retained earnings (note 6(q))	6,492,401	20	5,733,458	18
3400	Other equity interest	(1,444,608)	(4)	(1,159,650)	(3)
	Total equity	14,175,512	43	13,287,833	42
	Total liabilities and equity	$ 32,853,543	100	31,898,692	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, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(t) and 7)**	$ 42,506,020	100	34,990,027	100
5000	**Operating costs (notes 6(e), (m), (o), (u), 7 and 12)**	38,356,406	90	31,636,141	90
	Gross profit from operations	4,149,614	10	3,353,886	10
	Operating expenses (notes 6(j), (m), (o), (r), (u), 7 and 12):				
6100	Selling expenses	550,942	1	496,996	1
6200	Administrative expenses	573,196	2	502,779	2
6300	Research and development expenses	1,243,420	3	1,097,122	3
6450	Expected credit loss (gain on reversal) (note 6(d))	(11,010)	-	8,625	-
	Total operating expenses	2,356,548	6	2,105,522	6
	Net operating income	1,793,066	4	1,248,364	4
	Non-operating income and expenses:				
7100	Interest income	1,397	-	9,115	-
7010	Other income (notes 6(n), (v) and 7)	12,334	-	12,225	-
7020	Other gains and losses (note 6(w))	710,139	2	851,332	2
7070	Share of profit of subsidiaries and associates accounted for using equity method	213,447	-	150,818	-
7050	Finance costs (note 6(m))	(52,852)	-	(48,812)	-
	Total non-operating income and expenses	884,465	2	974,678	2
	Profit before income tax	2,677,531	6	2,223,042	6
7950	**Less: Income tax expenses** (note 6(p))	379,249	1	303,777	1
	Profit	2,298,282	5	1,919,265	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))	(5,574)	-	(4,533)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	93,397	-	(178)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(3,535)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		84,288	-	(4,711)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(260,632)	-	26,337	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(260,632)	-	26,337	-
8300	**Other comprehensive income**	(176,344)	-	21,626	-
	Comprehensive income (after tax)	**$ 2,121,938**	**5**	**1,940,891**	**5**
	Earnings per share (note 6(s))				
9710	**Basic earnings per share (NT dollars)**	**$ 5.13**		**4.30**	
9810	**Diluted earnings per share (NT dollars)**	**$ 5.09**		**4.27**	

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity interest			
	Ordinary shares	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, 2020	$ 4,485,808	1,483,045	1,370,470	662,348	5,500,198	(1,030,865)	(28,076)	(134,926)	12,308,002
Profit	-	-	-	-	1,919,265	-	-	-	1,919,265
Other comprehensive income	-	-	-	-	(4,533)	26,337	(178)	-	21,626
Comprehensive income	-	-	-	-	1,914,732	26,337	(178)	-	1,940,891
Appropriation and distribution of retained earnings:									
Appropriated legal reserve	-	-	208,003	-	(208,003)	-	-	-	-
Appropriated special reserve	-	-	-	396,593	(396,593)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,076,876)	-	-	-	(1,076,876)
Changes in investment accounted for using equity method	-	11,802	-	-	-	-	(13,579)	-	(1,777)
Amortization expense of restricted stock	-	-	-	-	-	-	-	117,593	117,593
Retirement of restricted stock	(1,225)	(6,750)	-	-	-	-	-	7,975	-
Issuance of restricted stock	24,400	79,531	-	-	-	-	-	(103,931)	-
Balance on December 31, 2020	4,508,983	1,567,628	1,578,473	1,058,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833
Profit	-	-	-	-	2,298,282	-	-	-	2,298,282
Other comprehensive income	-	-	-	-	(5,574)	(260,632)	89,862	-	(176,344)
Comprehensive income	-	-	-	-	2,292,708	(260,632)	89,862	-	2,121,938
Appropriation and distribution of retained earnings:									
Appropriated legal reserve	-	-	191,473	-	(191,473)	-	-	-	-
Appropriated special reserve	-	-	-	(12,581)	12,581	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,354,873)	-	-	-	(1,354,873)
Changes in investment accounted for using equity method	-	10,186	-	-	-	-	-	-	10,186
Amortization expense of restricted stock	-	-	-	-	-	-	-	110,428	110,428
Retirement of restricted stock	(1,750)	(6,446)	-	-	-	-	-	8,196	-
Issuance of restricted stock	45,400	187,412	-	-	-	-	-	(232,812)	-
Balance on December 31, 2021	**$ 4,552,633**	**1,758,780**	**1,769,946**	**1,046,360**	**6,492,401**	**(1,265,160)**	**48,029**	**(227,477)**	**14,175,512**

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 2,677,531	2,223,042
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	147,527	138,866
Loss related to inventories	42,026	30,783
Amortization of long-term deferred revenue	(221,370)	(276,931)
Expected credit loss (reversal)	(11,010)	8,625
Interest expense	48,744	41,236
Interest income	(1,397)	(9,115)
Compensation cost of share-based payment	103,813	117,593
Share of profit of subsidiaries and associates accounted for using equity method	(213,447)	(150,818)
Loss on disposal of property, plant and equipment	261	19
Gain on disposal of unamortized expense	-	(864)
Amortization of unrealized revenue of patents disposed	(15,450)	(15,450)
Other	-	(2)
Total adjustments to reconcile profit (loss)	(120,303)	(116,058)
Changes in operating assets and liabilities:		
Accounts receivable, including related parties	(563,790)	57,761
Other receivable	67,556	160,162
Inventories	259,721	(953,531)
Other current assets	(29,687)	(203)
Other operating assets	39,260	(88,237)
Changes in operating assets	(226,940)	(824,048)
Notes and accounts payable, including related parties	(1,827,097)	458,343
Salaries payable	183,559	(123,791)
Other payables	45,932	291,554
Other current liabilities	38,716	115,432
Long-term deferred revenue	54,502	(10,487)
Other operating liabilities	366,659	482,498
Changes in operating liabilities	(1,137,729)	1,213,549
Total changes in operating assets and liabilities	(1,364,669)	389,501
Total adjustments	(1,484,972)	273,443
Cash inflow generated from operations	1,192,559	2,496,485
Interest received	1,397	9,115
Interest paid	(48,669)	(41,163)
Income taxes paid	(487,759)	(41,298)
Net cash flows from operating activities	657,528	2,423,139
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(35,097)	(28,894)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,210	-
Acquisition of investments accounted for using equity method	(285,000)	(301,000)
Acquisition of property, plant and equipment	(798,904)	(41,172)
Proceeds from disposal of property, plant and equipment	520	-
Proceeds from disposal of unamortized expense	-	3,450
Acquisition of unamortized expense	(15,351)	(11,586)
Increase (decrease) in refundable deposits	(4,059)	310
Dividends received	304	191
Net cash used in investing activities	(1,136,377)	(378,701)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	52,000	280,000
Increase (decrease) in long-term borrowings	429,500	(27,777)
Payment of lease liabilities	(72,381)	(88,384)
Cash dividends paid	(1,354,873)	(1,076,876)
Net cash flows used in financing activities	(945,754)	(913,037)
Net increase (decrease) in cash and cash equivalents	(1,424,603)	1,131,401
Cash and cash equivalents at beginning of period	3,370,254	2,238,853
Cash and cash equivalents at end of period	$ **1,945,651**	**3,370,254**

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2021 and 2020, the assets of these subsidiaries constitute 35% and 37%, respectively, of the consolidated total assets. For the years ended December 31, 2021 and 2020, the operating revenue of these subsidiaries constitute 34% and 42%, 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 0% and 1%, respectively, of the consolidated total assets at December 31, 2021 and 2020, and the related share of loss of associates accounted for using equity method constituted (2)% and (3)%, respectively, of consolidated profit after tax for the years then ended.

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with other matter paragraph.

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(f) "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 analyze the changes of the aging of inventories; inspecting the reasonableness of the allowance provided for inventory valuation in the past and comparing it to the current year to ensure that the measurements and assumptions are appropriate.

   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. Impairment assessment of intangible assets

   Please refer to note 4(n) "Impairment of non-financial assets", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(l) "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. The transaction 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.

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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 impairment assessment report from external expert engaged by the Group; reviewing the impairment assessment report 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.

3. Impairment assessment of investments accounted for using equity method

Please refer to note 4(i) "Investments in subsidiaries", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(g)"Investments accounted for using equity method" of the financial statements.

Description of key audit matter:

The Company recognized its loss of control over ALT International Co., Ltd (Cayman) in 2019 as repurchase after disposal, resulting in the reclassification of its investment in ALT International Co., Ltd (Cayman) from subsidiary to investment accounted for using equity method.

Due to intensive industrial competition, there is a probability that the abovementioned investment is under the risk of impairment. Therefore, the management decided to perform an impairment assessment of investment accounted for using equity method which contain a significant estimation uncertainty; thus, the assessment of impairment of investment accounted for using equity method 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 recoverable amount of the investments accounted for using equity method included: evaluating the identification of cash generating units regarding the abovementioned investment and any indication of internal and external impairment made by management; acquiring impairment assessment reports from external expert engaged by the Group ; reviewing the impairment assessment 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 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)
February 25, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 4,839,241	10	6,935,353	15
1110	Current financial assets at fair value through profit or loss (note 6(b))	156,238	-	313,758	1
1137	Current financial assets at amortized cost (notes 6(d) and 8)	1,665,744	3	855,238	1
1170	Notes and accounts receivable, net (notes 6(e) and (v))	13,374,675	27	13,578,841	29
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	130,280	-	198,189	-
1200	Other receivables (note 6(e))	1,301,019	3	1,349,362	3
1310	Inventories (note 6(f))	13,164,601	27	10,247,463	22
1470	Other current assets (note 8)	1,097,669	2	1,631,887	4
		35,729,467	72	35,110,091	75
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	240,397	1	121,672	-
1550	Investments accounted for using equity method (note 6(g))	171,567	-	536,303	1
1600	Property, plant and equipment (notes 6(i) and 8)	7,604,823	15	6,542,015	14
1755	Right-of-use assets (note 6(j))	2,380,370	5	1,568,052	3
1760	Investment property (note 6(k))	33,363	-	33,826	-
1780	Intangible assets (note 6(l))	2,256,589	5	2,370,578	5
1840	Deferred tax assets (note 6(r))	692,823	1	658,289	1
1990	Other non-current assets (note 8)	364,799	1	366,256	1
		13,744,731	28	12,196,991	25
	Total assets	**$ 49,474,198**	**100**	**47,307,082**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 2,030,829	4	905,059	2
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	603,054	1	432,171	1
2170	Notes and accounts payable	17,693,261	36	19,001,057	40
2201	Salaries payable	1,481,957	4	1,131,627	2
2219	Other payables	3,667,627	7	3,949,526	8
2280	Current lease liabilities (note 6(o))	228,720	1	271,483	1
2320	Long-term borrowings, current portion (notes 6(n) and 8)	435,435	1	74,833	-
2365	Current refund liabilities	1,699,517	3	1,421,407	3
2399	Other current liabilities (note 6(v))	691,824	1	753,750	2
		28,532,224	58	27,940,913	59
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n) and 8)	1,025,520	2	680,626	1
2580	Non-current lease liabilities (note 6(o))	1,879,350	4	981,436	2
2630	Long-term deferred revenue (note 6(i))	1,003,576	2	1,499,072	3
2670	Other non-current liabilities (notes 6(q) and (r))	591,016	1	704,445	2
		4,499,462	9	3,865,579	8
	Total liabilities	33,031,686	67	31,806,492	67
	Equity attributable to owners of parent:				
3110	Ordinary shares (note 6(s))	4,552,633	9	4,508,983	10
3200	Capital surplus (note 6(s))	1,758,780	3	1,567,628	3
3310	Legal reserve (note 6(s))	1,769,946	4	1,578,473	3
3320	Special reserve (note 6(s))	1,046,360	2	1,058,941	2
3350	Unappropriated retained earnings (note 6(s))	6,492,401	13	5,733,458	12
3400	Other equity interest	(1,444,608)	(3)	(1,159,650)	(2)
36XX	**Non-controlling interests** (note 6(h))	2,267,000	5	2,212,757	5
	Total equity	16,442,512	33	15,500,590	33
	Total liabilities and equity	**$ 49,474,198**	**100**	**47,307,082**	**100**

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(v) and 7)**	$ 71,649,849	100	68,240,939	100
5000	**Operating costs (notes 6(f), (o), (q), (w) and 12)**	62,270,246	87	60,129,865	88
	Gross profit from operation	9,379,603	13	8,111,074	12
	Operating expenses (notes 6(l), (o), (q), (t), (w) and 12):				
6100	Selling expenses	1,654,914	2	1,354,432	2
6200	Administrative expenses	2,015,183	3	1,910,310	3
6300	Research and development expenses	2,907,911	4	2,555,565	4
6450	Reversal of expected credit loss (note 6(e))	(11,010)	-	(9,030)	-
	Total operating expenses	6,566,998	9	5,811,277	9
	Net operating income	2,812,605	4	2,299,797	3
	Non-operating income and expenses:				
7100	Interest income	118,339	-	141,456	-
7010	Other income (note 6(x))	14,662	-	13,127	-
7020	Other gains and losses (notes 6(g), (i) and (y))	327,460	-	292,611	1
7060	Shares of loss of associates accounted for using equity method (note 6(g))	(61,551)	-	(84,179)	-
7050	Finance costs (note 6(o))	(181,552)	-	(184,375)	-
	Total non-operating income and expenses	217,358	-	178,640	1
	Profit before tax	3,029,963	4	2,478,437	4
7950	**Less: Income tax expenses (note 6(r))**	636,742	1	534,170	1
	Profit	2,393,221	3	1,944,267	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(q))	(5,574)	-	(4,533)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	89,862	-	(13,757)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	84,288	-	(18,290)	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operation's financial statements	(307,997)	-	13,627	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(307,997)	-	13,627	-
8300	**Other comprehensive income after tax**	(223,709)	-	(4,663)	-
	Comprehensive income	**$ 2,169,512**	**3**	**1,939,604**	**3**
	Profit attributable to:				
8610	Owners of parent	$ 2,298,282	3	1,919,265	3
8620	Non-controlling interests (note 6(h))	94,939	-	25,002	-
		$ 2,393,221	**3**	**1,944,267**	**3**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 2,121,938	3	1,927,312	3
8720	Non-controlling interests (note 6(h))	47,574	-	12,292	-
		$ 2,169,512	**3**	**1,939,604**	**3**
	Earnings per share (note 6(u))				
9710	**Basic earnings per share (NT dollars)**	**$ 5.13**		**4.30**	
9810	**Diluted earnings per share (NT dollars)**	**$ 5.09**		**4.27**	

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings			Other equity interest					
	Ordinary shares	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, 2020	$ 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
Profit	-	-	-	-	1,919,265	-	-	-	1,919,265	25,002	1,944,267
Other comprehensive income	-	-	-	-	(4,533)	26,337	(13,757)	-	8,047	(12,710)	(4,663)
Comprehensive income	-	-	-	-	1,914,732	26,337	(13,757)	-	1,927,312	12,292	1,939,604
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	208,003	-	(208,003)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	396,593	(396,593)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,076,876)	-	-	-	(1,076,876)	-	(1,076,876)
Changes in shares of investment accounted for using equity method	-	11,802	-	-	-	-	-	-	11,802	4,827	16,629
Amortization expense of restricted stock	-	-	-	-	-	-	-	117,593	117,593	-	117,593
Retirement of restricted stock	(1,225)	(6,750)	-	-	-	-	-	7,975	-	-	-
Issuance of restricted stock	24,400	79,531	-	-	-	-	-	(103,931)	-	-	-
Balance at December 31, 2020	4,508,983	1,567,628	1,578,473	1,058,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833	2,212,757	15,500,590
Profit	-	-	-	-	2,298,282	-	-	-	2,298,282	94,939	2,393,221
Other comprehensive income	-	-	-	-	(5,574)	(260,632)	89,862	-	(176,344)	(47,365)	(223,709)
Comprehensive income	-	-	-	-	2,292,708	(260,632)	89,862	-	2,121,938	47,574	2,169,512
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	191,473	-	(191,473)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	(12,581)	12,581	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,354,873)	-	-	-	(1,354,873)	-	(1,354,873)
Changes in shares of investment accounted for using equity method	-	10,186	-	-	-	-	-	-	10,186	6,669	16,855
Amortization expense of restricted stock	-	-	-	-	-	-	-	110,428	110,428	-	110,428
Retirement of restricted stock	(1,750)	(6,446)	-	-	-	-	-	8,196	-	-	-
Issuance of restricted stock	45,400	187,412	-	-	-	-	-	(232,812)	-	-	-
Balance at December 31, 2021	**$ 4,552,633**	**1,758,780**	**1,769,946**	**1,046,360**	**6,492,401**	**(1,265,160)**	**48,029**	**(227,477)**	**14,175,512**	**2,267,000**	**16,442,512**

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 3,029,963	2,478,437
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	1,940,959	2,229,636
Loss related to inventories	161,605	284,439
Reversal of expected credit loss	(11,010)	(9,030)
Interest expense	177,287	176,799
Interest income	(118,339)	(141,456)
Compensation cost of share-based payment	127,283	134,222
Impairment loss of associates amounted for using equity method	300,274	279,716
Shares of loss of associates accounted for using equity method	61,551	84,179
Loss on disposal of property, plant and equipment	26,746	116,532
Impairment loss of property, plant and equipment (reversal)	(16,476)	56,507
Gain on disposal of right-of-use assets	(6,560)	(2)
Other	-	(1,081)
Total adjustments to reconcile profit	2,643,320	3,210,461
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	157,520	(126,742)
Notes and accounts receivable	216,314	5,629,639
Accounts receivable from related parties	67,909	(17,718)
Other receivables	43,485	(308,306)
Inventories	(3,078,743)	(38,656)
Other current assets	522,565	(122,121)
Other operating assets	(10,290)	1,014
Changes in operating assets	(2,081,240)	5,017,110
Financial liabilities at fair value through profit or loss	170,883	224,960
Notes and accounts payable	(1,307,796)	(4,743,832)
Salaries payable	350,331	(390,426)
Other payables	(412,471)	(135,168)
Other current liabilities	(67,669)	175,762
Refund liabilities	278,110	(130,868)
Other operating liabilities	(256,961)	(523,077)
Changes in operating liabilities	(1,245,573)	(5,522,649)
Total changes in operating assets and liabilities	(3,326,813)	(505,539)
Total adjustments	(683,493)	2,704,922
Cash inflow generated from operations	2,346,470	5,183,359
Interest received	118,339	141,456
Interest paid	(177,211)	(176,725)
Income taxes paid	(614,122)	(331,847)
Net cash flows from operating activities	1,673,476	4,816,243
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(35,097)	(28,894)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,234	-
Increase in financial assets measured at amortised cost	(810,506)	(855,238)
Acquisition of property, plant and equipment	(3,044,488)	(3,089,333)
Proceeds from disposal of property, plant and equipment	25,738	400,410
Decrease (increase) in refundable deposits	36,006	(4,169)
Dividends received	4,858	191
Acquisition of unamortized expense	(58,083)	(74,121)
Proceeds from disposal of unamortized expense	1,680	-
Net cash flows used in investing activities	(3,873,658)	(3,651,154)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	1,125,770	(187,067)
Increase in long-term borrowings	705,496	577,153
Increase in guarantee deposits received	28	-
Payment of lease liabilities	(249,172)	(287,843)
Cash dividends	(1,354,873)	(1,076,876)
Net cash flows from (used in) financing activities	227,249	(974,633)
Effect of exchange rate changes on cash and cash equivalents	(123,179)	44,387
Net increase (decrease) in cash and cash equivalents	(2,096,112)	234,843
Cash and cash equivalents at beginning of period	6,935,353	6,700,510
Cash and cash equivalents at end of period	$ 4,839,241	6,935,353

See accompanying notes to consolidated financial statements.

PRIMAX ELECTRONICS LTD.
Comparison of Amendments to the Procedures for Acquisition or Disposal of Assets

Amended Content	Current Content	Reason for Amendment and Explanation
VI. Evaluation Procedures on Acquisition or Disposal of Assets, Equipment or Right-of-Use Assets In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use or its right-of-use assets, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. ii. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged	VI. Evaluation Procedures on Acquisition or Disposal of Assets, Equipment or Right-of-Use Assets In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use or its right-of-use assets, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. ii. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the	Article 5 of the parent law has been amended to require that an external auditor shall exercise the self-discipline practices applicable to his/her trade association, which cover the procedures to be executed by the external auditor when he/she is issuing the written opinion. Article 33 of the Act also follows the parent law. Therefore, the wording included in sub-paragraph 3 of Paragraph 1 herein regarding the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation, is deleted, in accordance with the parent law.

Amended Content	Current Content	Reason for Amendment and Explanation
to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these regulations, 10 percent of equity attributable to owners of the parent shall be substituted.	transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereafter referred to as ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these regulations, 10 percent of equity attributable to owners of the parent shall be substituted.	

Amended Content	Current Content	Reason for Amendment and Explanation
VII. When acquiring or disposing securities the company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as "FSC").	VII. When acquiring or disposing securities the company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the certified public accountant needs to use the report of an expert as evidence, said accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as "FSC").	The cause is the same as that of the amendments to Article 6 hereof.
IIX. Where the company acquires or disposes of intangible assets or its right-of-use assets, or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with (ii) of article XXIX herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an	IIX. Where the company acquires or disposes of intangible assets or its right-of-use assets, or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price<u>; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with (ii) of article XXIX	The cause is the same as that of the amendments to Article 6 hereof.

Amended Content	Current Content	Reason for Amendment and Explanation
appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.	herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.	
XIV. Appraisal Procedures When the company intends to acquire or dispose of real property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee with approval from over half of all committee members, followed by approval from the board of directors: i. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. ii. The reason for choosing the related party as a trading counterparty. iii. With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with articles XV and XVI. iv. The date and price at which the related party originally acquired the real property, the original	XIV. Appraisal Procedures When the company intends to acquire or dispose of real property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee with approval from over half of all committee members, followed by approval from the board of directors: i. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. ii. The reason for choosing the related party as a trading counterparty. iii. With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with articles XV and XVI. iv. The date and price at which the related party originally acquired	I. Subject to the amendments to the parent law, Paragraphs 3~5 of the existing provisions are changed to Paragraphs 2~4 of the amended provisions. II. Addition of Paragraph 5: (1) Per the requirements under the parent law, this Paragraph is added in order to improve the management of transactions with related parties, protect the minority shareholders’ rights to state their opinion toward the transactions with related parties and prevent any material transactions with related parties conducted via any subsidiary that is not itself a public company in Taiwan. Any matters that shall be submitted to a shareholders’ meeting for approval by a subsidiary that is not itself a public company in Taiwan shall be done by the parent company that is a public company. (2) In consideration of the overall business

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trading counterparty, and the trading counterparty's relationship to the company and the related party. v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. vi. An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding article. vii. Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between a the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Article I of this procedure shall be recognized by the Audit Committee,	the real property, the original trading counterparty, and the trading counterparty's relationship to the company and the related party. v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. vi. An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding article. vii. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with (ii) of article IXXX herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the Audit Committee with approval from the board of directors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between a the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real	planning needs between the public company and its parent company/ subsidiary or its subsidiaries, the proviso is set forth to provide that the transactions between the public company and its parent company/ subsidiary or its subsidiaries, may be exempted from being submitted to a shareholders' meeting for resolution. (3) Further, where said material transaction with a related party satisfies the circumstances referred to in sub-paragraphs 1~3, Paragraph 1 of Article 185 of the Company Act, it shall be subject to a special resolution rendered by a shareholders' meeting under Article 185 of the Company Act, as well as said requirements and related provisions under the Company Act. III. The existing paragraph is changed to Paragraph 6 of the amended provision. Meanwhile, in response to the addition of Paragraph 5, it is amended to provide that the calculation of transaction amount should be incorporated into the transaction information to be submitted to a shareholders' meeting

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and it shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for a resolution. If approval by more than half of all Audit Committee members is not acquired, it shall be approved of by more than two-thirds of the board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. Where the Company or any subsidiary of the Company that is not itself a public company in Taiwan is engaged in any transactions referred to in Paragraph 1 and the transaction amount is equivalent to 10% or more of the Company's total assets, the Company shall submit the information referred to in Paragraph 1 to a shareholders' meeting for approval and then may be allowed to execute the contract and make the payment, unless the transaction refers to that between the Company and its parent company/subsidiary or between its subsidiaries. The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be done in accordance with Paragraph 2 of Article 29 herein and within the preceding year as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, Audit Committee and Board of Directors for approval need not be counted toward the transaction amount.	property right-of-use assets held for business use. When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Article I of this procedure shall be recognized by the Audit Committee, and it shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for a resolution. If approval by more than half of all Audit Committee members is not acquired, it shall be approved of by more than two-thirds of the board of directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes.	for approval.
XXIX. Announce and Report Procedures: i. Under any of the following circumstances, upon acquiring or disposing of assets the company shall publicly announce and report the relevant information on the governing body's designated website in the appropriate format	XXIX. Announce and Report Procedures: i. Under any of the following circumstances, upon acquiring or disposing of assets the company shall publicly announce and report the relevant information on the governing body's designated website in the appropriate format	Considering that currently a public company may be exempted from the announcement and report procedure when trading domestic government bonds, the sub-paragraph 6-1, Paragraph 1 of the parent law is amended to

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as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: … 6. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China region reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of domestic government bonds <u>or foreign government bonds with the credit rating no lower than Taiwan's sovereign rating</u>. (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds. …	as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: … 6. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China region reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of domestic government bonds. (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds. …	allow the trading of foreign government bonds with the credit rating no lower than Taiwan's sovereign rating which may also be exempted from the announcement and report procedure.
XXXIV. This corporate document was created on 2008/11/7. First-time amendments were made on 2009/6/4. Second-time amendments were made on 2012/6/19. Third-time amendments were made on 2013/6/25. Fourth-time amendments were made on 2014/6/24. Fifth-time amendments were made on 2015/6/29. Sixth-time amendments were made on 2018/10/25. Seventh-time amendments were made on 2019/06/18. <u>Eighth-time amendments were made on 2022/05/26.</u>	XXXIV. This corporate document was created on 2008/11/7. First-time amendments were made on 2009/6/4. Second-time amendments were made on 2012/6/19. Third-time amendments were made on 2013/6/25. Fourth-time amendments were made on 2014/6/24. Fifth-time amendments were made on 2015/6/29. Sixth-time amendments were made on 2018/10/25. Seventh-time amendments were made on 2019/06/18.	The addition of the date of the most recent amendments.

Proposal of removal of the non-competition restrictions on the Director

Title	Name	Current Position in the other companies
Director	Green Land Investment Limited Representative: Ji-Ren Lee	- Social Enterprise Insights / Director - DELTA ELECTRONICS, INC. / Indenpend Director - Acer Incorporated / Indenpend Director - VIVOTEK INC. / Indenpend Director - CommonWealth Eduation Media and Publishing Co., Ltd. / Director - CommonWealth Magazine Co., Ltd. / Director