

PRIMAX ELECTRONICS LTD.
Minutes of 2023 Annual General Meeting of Shareholders
(Translation)

Time: May 25, 2023 (Thursday) 9 AM

Meeting type: physical shareholders meeting

Venue: 4F., No. 2, Xuzhou Road, Zhongzheng District , Taipei City
(NTUH International Convention Center)

Present: A total of 332,672,438 shares (including 300,316,077 shares represented by shareholders exercising voting rights electronically) are held by shareholders attending the shareholders' meeting in person or by a proxy, who represent 72.40% of the total number of the Company's outstanding 459,434,324 shares.

Present Directors: Yung-Chung Pan, Yung-Tai Pan, Ji-Ren Lee,
Chun-Pang Wu (Independent Director, Chairman of the Audit Committee),
Chih-Kai Cheng (Independent Director), Ying-Chuan Shen (Independent Director)

Chairman: Yung-Chung Pan, the vice 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 2022 Business Report for review, please refer to Schedule 1.

Report No. 2: Audit Committee's Review Report on the 2022 Financial Statements for review, please refer to Schedule 2.

Report No. 3: Distribution of employees' and directors' compensation in 2022.

D. Adoption

1. (Proposed by the Board)

Proposal: Adoption of the Company's 2022 Business Report and Financial Statements.

Description:

The Company has completed the internal preparation of the 2022 Annual Parent Company Only and Consolidated Financial Statements and has provided the reports to MEI-PIN WU CPA and SHYH-GANG HORNG 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: 329,689,961
(Including votes casted electronically: 300,316,077 votes)

Voting Results*		% of the total represented share present
Votes in favor	284,873,145 votes (255,604,261 votes)	86.40%
Votes against	180,339votes (180,339votes)	0.05%
Votes invalid	0 votes	0.00%
Votes abstained	44,636,477votes (44,531,477votes)	13.53%

*Including votes casted electronically (number in brackets)

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

Proposal: Adoption of the Company's 2022 distribution of earnings.

Description:

- (1) The Company's net profit of 2022 is NT\$2,742,609,398, plus this year's remeasurement of defined benefit obligation NT\$6,970,753, minus the impact on disposal of financial assets measured at fair value through comprehensive income due to liquidation NT\$343,201, plus equity changes of associated companies and joint ventures accounted for using the equity method NT\$2,740,792, minus legal reserve provision NT\$275,197,774, plus reversal of special reserve NT\$462,212,460, plus unappropriated retained earnings, beginning of year NT\$4,681,130,995. The retained earnings available for distribution as of December 31, 2022, are NT\$7,620,123,423. The 2022 distribution of earnings prepared according to the Articles of Incorporation is as follows:

PRIMAX ELECTRONICS LTD.

Earnings Distribution Proposal

Year 2022

Unit: NT\$

Item	Amount	
Unappropriated Retained Earnings, beginning of year		4,681,130,995
Add : Net profit of 2022	2,742,609,398	
Add : Remeasurement of Defined Benefit Obligation	6,970,753	
Less : The impact on disposal of financial assets measured at fair value through comprehensive income due to liquidation.	343,201	
Add : Equity changes of associated companies and joint ventures accounted for using the equity method	2,740,792	
Less : 10% Legal Reserve	275,197,774	
Add : Reversal of Special Reserve	462,212,460	
Retained Earnings Available for Distribution as of December 31, 2020		7,620,123,423
Distribution Item :		
Cash Dividends (NT\$3.9 per share)	1,791,793,864	
Unappropriated Retained Earnings		5,828,329,559

Chairman :

Li-Sheng Liang

General Manager :

Li-Sheng Liang

Accounting Manager:

Shu-chuan Chang

Note: 1. The per share dividends above are based on the 459,434,324 outstanding shares as of Feb. 14, 2023 .

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 64%

- (2) For this distribution of profits, the 2022 earnings will be subject to distribution on a priority basis.
- (3) The cash dividends total NT\$1,791,793,864 and the per share dividends to be distributed are NT\$3.9. 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 459,434,324 outstanding shares as of Feb. 14, 2023. 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: 330,799,961

(Including votes casted electronically: 300,316,077 votes)

Voting Results*		% of the total represented share present
Votes in favor	290,526,236 votes (260,147,352 votes)	87.82%
Votes against	76,339 votes (76,339 votes)	0.02%
Votes invalid	0 votes	0.00%
Votes abstained	40,197,386 votes (40,092,386 votes)	12.15%

*Including votes casted electronically (number in brackets)

E. Discussion

1. (Proposed by the Board)

Proposal: Resolution of amendments to the Company's "Articles of Incorporation".

Description:

- (1) It is proposed certain provisions of the Company's "Articles of Incorporation" shall be amended in accordance with Article 172-2 of the Company Act.
- (2) Please Refer to Schedule 4 for a comparison of the amendments to the "Articles of Incorporation".

Resolved: The proposal was approved after voting.

Voting Results: Shares represented at the time of voting: 330,799,961

(Including votes casted electronically: 300,316,077 votes)

Voting Results*		% of the total represented share present
Votes in favor	277,227,878 votes (246,865,994 votes)	83.80%
Votes against	6,774,447 votes (6,774,447 votes)	2.04%
Votes invalid	0 votes	0.00%
Votes abstained	46,797,636 votes (46,675,636 votes)	14.14%

*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 Issuance of Securities 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 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.

- ii. Each award of Restricted Stock shall vest at a rate of 30% at the end of two 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.
- iii. Each award of Restricted Stock shall vest at a rate of 40% at the end of three 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.

(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 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.
- ii. Each award of Restricted Stock shall vest at a rate of 50% at the end of two 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.

(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 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.

(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 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.
- ii. Each award of Restricted Stock shall vest at a rate of 15% at the end of two 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.
- iii. Each award of Restricted Stock shall vest at a rate of 20% at the end of three 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.
- 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 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) 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; (The companies which have a controlling or subordinate relationship with the Company shall be in line with the definition specified in Article 369-2, Article 369-3, Article 369-9, Paragraph 2, and Article 369-11 of the Company Act); 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 or directors. Employees who are not directors or managers should first obtain the approval of the Audit Committee. The details of the qualified employees and number of shares will be refer to the Company's "The standard of the employees and number of shares for restricted employee stock award."

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\$56.7, the average share price during the period of 60 trading days before Feb. 9, 2023, the amount of annual cost sharing for year 2023, 2024, 2025 and 2026 shall be NT\$ 52,368,750, NT\$121,905,000, NT\$58,826,250 and NT\$22,050,000 respectively, with a total amount of NT\$255,150,000.

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

Estimations are made based on NT\$56.7, the average share price during the period of 60 trading days before Feb. 9, 2023, the diluted EPS for year 2023, 2024, 2025 and 2026 shall be NT\$0.11, NT\$0.26, NT\$0.13, 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 (Y2020 to Y2022) is 88% of the total number of Restricted Employee Stock Award; Category B is 7%; Category C is 5%.

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 the total number of issued shares (458,289,324 shares) as of Feb. 7, 2023, the 4,500,000 new shares to be issued will account for 0.98% of the total number of issued shares.

Resolved: the proposal was approved after voting.

Voting Results: Shares represented at the time of voting: 330,799,961

(Including votes casted electronically: 300,316,077 votes)

Voting Results*		% of the total represented share present
Votes in favor	283,272,928 votes (252,894,044 votes)	85.63%
Votes against	813,422 votes (813,422 votes)	0.24%
Votes invalid	0 votes	0.00%
Votes abstained	46,713,611 votes (46,608,611 votes)	14.12%

*Including votes casted electronically (number in brackets)

F. Election:

1.

(Proposed by the Board)

Proposal : By-election of directors.

Description:

- (1) According to the Articles of Incorporation, the Board shall consist of from five to nine directors. Due to the resignation of Independent Director Jia-Bin Duh on November 18, 2022, and the resignation of Director and Chairperson Li-Sheng Liang on May 24, 2023, the Board are short of one seat of director and one seat of independent director.
- (2) In order to coordinate with the Company's operational planning and strengthen corporate governance, it is proposed to elect one director and one independent director. According to the Articles of Incorporation 16, the candidate nomination system shall be adopted for the election of directors (including independent director), please refer to Schedule 5 for the list of the director candidates and their academic background, and work experiences.
- (3) The new elected directors shall have a term from May 25, 2023, to July 12, 2024.
- (4) The election shall be conducted according to the Company's "Rules for Election of Directors."

Election Results:

The list of the newly elected directors and votes received as follows:

Title	Shareholder number or ID number	Name	Votes Received
Director	E1006*****	Jia-Bin Duh	255,885,560
Independent Director	E2218*****	Hui-Fan Ma	249,735,811

G. Other Matters:

1. (Proposed by the Board)

Proposal: Removal of the non-compete restrictions on the director and the newly elected directors.

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 directors 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 Independent Director Chih-Kai Cheng and newly elected directors. Please refer to Schedule 6 for the details

Resolved:(1) Additional information: The director and newly elected director hold the positions in the affiliates or non-competitive companies.

(2) the proposal was approved after voting.

Voting Results: Shares represented at the time of voting: 330,799,961

(Including votes casted electronically: 300,316,077 votes)

Voting Results*		% of the total represented share present
Votes in favor	273,091,339 votes (243,839,455 votes)	82.55%
Votes against	10,916,259votes (9,806,259 votes)	3.29%
Votes invalid	0 votes	0.00%
Votes abstained	46,792,363 votes (46,670,363 votes)	14.14%

*Including votes casted electronically (number in brackets)

F. Extempore Motion: None.

Summary of the questions raised by the Shareholder number 109640 :

Questions about the combination of products, optimization goals, profit margin, revenue, and overseas layout planning related to automotive electronics and AIoT.

Reply from the person designated by the chairman :

The long-term goals of the Company are to pursuit that the profit growth is greater than the revenue growth, growth in ROE, improvement of product research and development capabilities, overseas market expansion and strategies continuation.

After replying, the shareholder has no further questions.

G. The meeting was adjourned at 10:12 a.m.

No question was raised by shareholders on the proposal.

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

Business Report

By spring 2022, two full years since the outbreak of the coronavirus, the world has limped out of the pandemic and was ready to embrace normalcy with global economy showing signs of recovery and demand growth. However, with the outbreak of the Russia-Ukraine War in February, global supply chain was once again impacted. With war in Ukraine reverberating across the world's regions, the conflict has triggered a massive shock to global economy, especially to energy and food markets, squeezing supply and pushing up prices to unprecedented levels. To counter inflation, global central banks adopted tighter monetary policies and ramped up interest rates. However, despite these synchronized efforts, raw material prices and costs continued their upward trajectory, leading to a slump in consumer sentiment and demand. As a result, companies around the world reported unexpected high levels of inventory, which lead to uncertainties to economic outlook and business operations, and was a critical challenge to the resilience and responsiveness of all businesses.

Thanks to operational resilience, solid financials and a visionary approach of constantly investing in new products and technologies, Primax Electronics (“PRIMAX” or “the Company”) has been able to grow its business steadily throughout the pandemic, and with better product and customer mix, improved its value-add and margins. 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, surveillance and security, conferencing products, professional audio, smart home solutions and building automation to be the key technology trends and the next leg of revenue and profit growth for the Company. Although demand for computer peripherals took a hit, especially towards the second half of 2022, PRIMAX was able to mitigate the risks by actively managing its supply chain and inventory levels, which led to significant improvement in operating cash flows compared to a year ago. Meanwhile, with aims of expanding its global footprint and minimizing geopolitical and country risks, the Company continued to ramp up production in Thailand, and expand and solidify its supply chain.

With regards to business operations and financial performance, despite all the challenges and market uncertainties, PRIMAX once again achieved revenue growth in 2022 and delivered record-high earnings. The following is an overview of the Company's 2022 performance.

I. 2022 business operation performance

(I) Overview of financial results in 2022

The Company generated worldwide consolidated net revenues of NT\$79,240,765 thousand in 2022, representing a 10.6% growth over the NT\$71,649,849 thousand in 2021. Consolidated net income totaled NT\$2,868,961 thousand in 2022, representing a 19.9% increase compared to the NT\$2,393,221 thousand in 2021.

(II) Cash flow analysis

Unit : NT\$ thousand			
Item	2022	2021	Net Change
Net cash inflow (outflow) from operating activities	6,193,998	1,673,476	4,520,522
Net cash inflow (outflow) from investing activities	(533,577)	(3,873,658)	3,340,081
Net cash inflow (outflow) from financing activities	(4,532,764)	227,249	(4,760,013)

(III) Profitability Analysis

Item	2022	2021
Return on shareholders' equity (%)	16.52	14.98
Ratio of operating profit to paid-in capital (%)	72.98	61.78
Ratio of income before tax to paid-in capital (%)	79.19	66.55
Net profit margin (%)	3.62	3.34
Earnings per share (NT\$)	6.10	5.13

(IV) Research and development

To further maintain its technological lead and enhance competitiveness, the Company invested NT\$3,366,095 thousand in R&D in 2022 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 the integration of audio, visual and interface technologies, PRIMAX is able to reach out and embrace a wider audience with its new applications, products and innovations. For visual technology, PRIMAX is actively exploring new applications for its camera module with emphasis on car ADAS, B2B camera, smart locks, surveillance and security, and other smart IoT products. 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 value-add and smart home related products such as door lock and surveillance and security related products.

For its production strategy and global deployment, PRIMAX's expansion in Taiwan is a commitment that encompasses the fundamental values of "think globally, act locally, and manufacture intelligently," a tagline that is deep rooted in the company's core philosophy. PRIMAX's state-of-the-art facility Zhubei plant will house an advanced laboratory, support industry-academia collaboration, and invest in R&D and new product development. Aside from serving as a R&D and incubation center, highly automated production lines will be installed in Zhubei for the manufacturing of higher margin niche products such as car ADAS, surveillance and security modules, and AIoT related applications and modules. In addition, PRIMAX's Thailand plant is becoming cost competitive and an important strategic manufacturing site outside of China that provides flexibility and efficiency in the long-run. The Company is also planning to expand into North America as part of its global deployment and customer service strategy.

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

Audit Committee's Review Report

To: Shareholders' Meeting of Primax Electronics Ltd.

Among the Company's 2022 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 23, 2023



安侯建業聯合會計師事務所

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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, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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 PRIMAX ELECTRONICS LTD. as at December 31, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 PRIMAX ELECTRONICS LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, 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 another auditor, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the report of another auditor. The Company's investment in these companies constituting 14% and 13% of the total assets, as of December 31, 2022 and 2021, respectively. The related share of profit of subsidiaries and associates accounted for using the equity method amounted constituting 17% and 12% of the profit after tax, for the years ended December 31, 2022 and 2021, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of PRIMAX ELECTRONICS LTD. 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 PRIMAX ELECTRONICS LTD. 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 PRIMAX ELECTRONICS LTD.; inspecting whether existing inventory policies are applied; examining the accuracy of the aging of inventories by sampling and analyzing 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 PRIMAX ELECTRONICS LTD.’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, PRIMAX ELECTRONICS LTD. 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. Due to intensive industrial competition, there is a probability that the abovementioned subsidiary 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:

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 PRIMAX ELECTRONICS LTD.'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 PRIMAX ELECTRONICS LTD. 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 PRIMAX ELECTRONICS LTD.'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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism. 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 PRIMAX ELECTRONICS LTD.'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 PRIMAX ELECTRONICS LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the 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 PRIMAX ELECTRONICS LTD..

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 PRIMAX ELECTRONICS LTD. 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 SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2023

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 2,961,693	8	1,945,651	6	2100 Short-term borrowings (note 6(k))	\$ -	-	332,000	1
1110 Current financial assets at fair value through profit or loss (note 6(b))	367,032	1	153,676	-	2170 Notes and accounts payable	301,600	1	61,240	-
1170 Accounts receivable, net (notes 6(d) and (t))	4,830,467	14	5,171,793	16	2180 Accounts payable to related parties (note 7)	9,050,436	26	9,799,684	30
1180 Accounts receivable from related parties, net (notes 6(d), (t) and 7)	2,980,766	9	2,542,289	8	2120 Current financial liabilities at fair value through profit or loss (note 6(b))	1,013,985	3	602,978	2
1200 Other receivables (notes 6(d) and 7)	90,840	-	152,352	-	2200 Other payables (note 7)	2,258,638	7	2,043,086	6
1310 Inventories (note 6(c))	2,772,215	8	3,831,953	12	2201 Salaries payable	493,350	1	440,409	1
1470 Other current assets	101,964	-	67,249	-	2280 Current lease liabilities (note 6(m))	72,294	-	68,501	-
	14,104,977	40	13,864,963	42	2300 Other current liabilities (note 6(t))	727,384	2	579,993	2
Non-current assets:					2365 Current refund liabilities	1,851,815	5	1,612,963	5
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	288,671	1	221,547	-		15,769,502	45	15,540,854	47
1550 Investments accounted for using equity method, net (note 6(f))	17,830,483	50	15,732,110	48	Non-Current liabilities:				
1600 Property, plant and equipment (notes 6(g) and 8)	983,581	3	863,616	3	2540 Long-term borrowings (notes 6(l) and 8)	464,000	1	429,500	1
1755 Right-of-use assets (note 6(h))	1,139,985	3	1,227,541	4	2580 Non-current lease liabilities (note 6(m))	1,121,079	3	1,190,212	4
1760 Investment property (note 6(i))	233,788	1	237,348	1	2630 Long-term deferred revenue (note 6(g))	586,567	2	709,599	2
1780 Intangible assets (note 6(j))	3,598	-	5,653	-	2600 Other non-current liabilities (notes 6(o) and (p))	1,019,712	3	807,866	3
1840 Deferred tax assets (note 6(p))	580,948	2	547,273	2	Total liabilities	3,191,358	9	3,137,177	10
1990 Other non-current assets	141,923	-	153,492	-	Ordinary shares (note 6(q))	18,960,860	54	18,678,031	57
	21,202,977	60	18,988,580	58	Capital surplus (notes 6 (f) and (q))	4,582,893	13	4,552,633	14
					Legal reserve (note 6(q))	2,129,908	6	1,758,780	5
					Special reserve (note 6(q))	1,999,217	6	1,769,946	5
					Unappropriated retained earnings (note 6(q))	1,217,130	3	1,046,360	3
					Other equity interest	7,433,108	21	6,492,401	20
						(1,015,162)	(3)	(1,444,608)	(4)
Total assets	\$ 35,307,954	100	32,853,543	100	Total equity	16,347,094	46	14,175,512	43
					Total liabilities and equity	\$ 35,307,954	100	32,853,543	100

(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, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(t) and 7)	\$ 42,694,520	100	42,506,020	100
5000 Operating costs (notes 6(e), (m), (o), (u), 7 and 12)	<u>38,065,836</u>	<u>89</u>	<u>38,356,406</u>	<u>90</u>
Gross profit from operations	<u>4,628,684</u>	<u>11</u>	<u>4,149,614</u>	<u>10</u>
Operating expenses (notes 6(j), (m), (o), (r), (u), 7 and 12):				
6100 Selling expenses	698,879	2	550,942	1
6200 Administrative expenses	586,822	2	573,196	2
6300 Research and development expenses	1,411,652	3	1,243,420	3
6450 Expected credit loss (gain on reversal) (note 6(d))	<u>52,213</u>	<u>-</u>	<u>(11,010)</u>	<u>-</u>
Total operating expenses	<u>2,749,566</u>	<u>7</u>	<u>2,356,548</u>	<u>6</u>
Net operating income	<u>1,879,118</u>	<u>4</u>	<u>1,793,066</u>	<u>4</u>
Non-operating income and expenses:				
7100 Interest income	11,347	-	1,397	-
7010 Other income (notes 6 (c), (n), (v) and 7)	20,344	-	12,334	-
7020 Other gains and losses (note 6(w))	200,516	-	710,139	2
7070 Share of profit of subsidiaries and associates accounted for using equity method	1,118,831	3	213,447	-
7050 Finance costs (note 6(m))	<u>(64,321)</u>	<u>-</u>	<u>(52,852)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,286,717</u>	<u>3</u>	<u>884,465</u>	<u>2</u>
Profit before income tax	3,165,835	7	2,677,531	6
7950 Less: Income tax expenses (note 6(p))	<u>423,226</u>	<u>1</u>	<u>379,249</u>	<u>1</u>
Profit	<u>2,742,609</u>	<u>6</u>	<u>2,298,282</u>	<u>5</u>
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))	6,971	-	(5,574)	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	22,345	-	93,397	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(10,371)	-	(3,535)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,945</u>	<u>-</u>	<u>84,288</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	452,637	1	(260,632)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>452,637</u>	<u>1</u>	<u>(260,632)</u>	<u>-</u>
8300 Other comprehensive income	<u>471,582</u>	<u>1</u>	<u>(176,344)</u>	<u>-</u>
Comprehensive income (after tax)	<u>\$ 3,214,191</u>	<u>7</u>	<u>2,121,938</u>	<u>5</u>
Earnings per share (note 6(s))				
9710 Basic earnings per share (NT dollars)	<u>\$ 6.10</u>		<u>5.13</u>	
9810 Diluted earnings per share (NT dollars)	<u>\$ 6.02</u>		<u>5.09</u>	

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Retained earnings		Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unrealized gains (losses) from financial assets at fair value through other comprehensive income			Unearned employee compensation		
Balance on January 1, 2021	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:										
Legal reserve	-	-	191,473	-	(191,473)	-	-	-	-	
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	-	-	-	-	-	-	-	-	-	
Amortization expense of restricted stock	-	10,186	-	-	-	-	-	110,428	10,186	
Cancellation of restricted stock	-	-	-	-	-	-	-	8,196	110,428	
Issuance of restricted stock	(1,750)	(6,446)	-	-	-	-	-	(252,812)	-	
Balance on December 31, 2021	45,400	187,412	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	(227,477)	14,175,512	
Profit	4,552,633	1,758,780	-	-	2,742,609	-	-	-	2,742,609	
Other comprehensive income	-	-	-	-	6,971	452,637	11,974	-	471,582	
Comprehensive income	-	-	-	-	2,749,580	452,637	11,974	-	3,214,191	
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	
Special reserve	-	-	-	170,770	(170,770)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	-	(1,411,230)	
Changes in investment accounted for using equity method	-	-	-	-	2,741	-	(2,741)	-	183,738	
Amortization expense of restricted stock	-	183,738	-	-	-	-	-	184,883	184,883	
Cancellation of restricted stock	(5,290)	(21,683)	-	-	-	-	-	26,973	-	
Issuance of restricted stock	35,550	209,073	-	-	-	-	-	(244,623)	-	
Effect of the liquidation of equity instruments at fair value through other comprehensive income	-	-	-	-	(343)	-	-	343	-	
Balance on December 31, 2022	4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	

Effect of the liquidation of equity instruments at fair value through other comprehensive income

See accompanying notes to parent company only financial statements.

PRIMAX ELECTRONICS LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,165,835	2,677,531
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	123,267	121,554
Amortization expense	28,739	25,973
Amortization of long-term deferred revenue	(199,573)	(221,370)
Expected credit loss (reversal)	52,213	(11,010)
Interest expense	60,992	48,744
Interest income	(11,347)	(1,397)
Compensation cost of share-based payment	123,795	103,813
Share of profit of subsidiaries and associates accounted for using equity method	(1,118,831)	(213,447)
Loss on disposal of property, plant and equipment	-	261
Gain on disposal of right-of-use assets	(5)	-
Amortization of unrealized revenue of patents disposed	(15,450)	(15,450)
Total adjustments to reconcile profit (loss)	<u>(956,200)</u>	<u>(162,329)</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(213,356)	107,311
Accounts receivable, including related parties	(149,364)	(563,790)
Other receivable	53,175	67,556
Inventories	1,059,738	301,747
Other current assets	(34,715)	(29,687)
Other operating assets	(8,365)	(68,051)
Changes in operating assets	<u>707,113</u>	<u>(184,914)</u>
Financial liabilities at fair value through profit or loss	411,007	170,807
Notes and accounts payable, including related parties	(508,888)	(1,827,097)
Salaries payable	52,941	183,559
Other payables	592,809	(175,989)
Refund liabilities	238,852	221,921
Other current liabilities	147,391	38,716
Long-term deferred revenue	76,541	54,502
Other operating liabilities	235,254	195,852
Changes in operating liabilities	<u>1,245,907</u>	<u>(1,137,729)</u>
Total changes in operating assets and liabilities	<u>1,953,020</u>	<u>(1,322,643)</u>
Total adjustments	<u>996,820</u>	<u>(1,484,972)</u>
Cash inflow generated from operations	4,162,655	1,192,559
Interest received	11,347	1,397
Interest paid	(60,915)	(48,669)
Income taxes paid	(850,773)	(487,759)
Net cash flows from operating activities	<u>3,262,314</u>	<u>657,528</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(44,839)	(35,097)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	60	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,210
Acquisition of investments accounted for using equity method	(277,000)	(285,000)
Acquisition of property, plant and equipment	(149,664)	(798,904)
Proceeds from disposal of property, plant and equipment	-	520
Acquisition of unamortized expense	(7,091)	(15,351)
Increase (decrease) in refundable deposits	1,099	(4,059)
Dividends received	8,337	304
Net cash flows used in investing activities	<u>(469,098)</u>	<u>(1,136,377)</u>
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term borrowings	(332,000)	52,000
Increase in long-term borrowings	34,500	429,500
Increase in guarantee deposits received	100	-
Payment of lease liabilities	(68,544)	(72,381)
Cash dividends paid	(1,411,230)	(1,354,873)
Net cash flows used in financing activities	<u>(1,777,174)</u>	<u>(945,754)</u>
Net increase (decrease) in cash and cash equivalents	1,016,042	(1,424,603)
Cash and cash equivalents at beginning of period	1,945,651	3,370,254
Cash and cash equivalents at end of period	<u>\$ 2,961,693</u>	<u>1,945,651</u>

See accompanying notes to parent company only financial statements.



安侯建業聯合會計師事務所

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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. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 PRIMAX ELECTRONICS LTD. and its subsidiaries as at December 31, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 PRIMAX ELECTRONICS LTD. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, 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 another auditor. Therefore, our opinion, insofar as it relates to those subsidiaries, is based solely on the report of another auditor. As of December 31, 2022 and 2021, the assets of these subsidiaries both constitute 35% of the consolidated total assets. For the years ended December 31, 2022 and 2021, the operating revenue of these subsidiaries constitute 40% and 34%, respectively, of the consolidated operating revenue.

We did not audit the financial statements of ALT International Co., Ltd (Cayman) for the year ended December 31, 2021, which represented the investments accounted for using equity method. That statement was 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% of the consolidated total assets at December 31 2021, and the related share of loss of associates accounted for using equity method constituted (2)% of consolidated profit after tax for the year then ended.



The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, 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(g) "Inventories" of the consolidated financial statements.

Description of key audit matter:

Inventories of PRIMAX ELECTRONICS LTD. and its subsidiaries 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 PRIMAX ELECTRONICS LTD. and its subsidiaries; inspecting whether existing inventory policies are applied; examining the accuracy of the aging of inventories by sampling and analyzing 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 auditor, therefore, we have issued audit instruction to their auditors as guidelines to communicate the above key audit matters with them and reviewed other auditor's working papers, as well as obtained the feedbacks required in the audit instruction.

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(m) "Intangible assets" of the consolidated financial statements.

Description of key audit matter:

In 2014, PRIMAX ELECTRONICS LTD. acquired Tymphony Worldwide Enterprises Ltd. through its subsidiary, Diamond (Cayman) Holdings Ltd. The transaction mentioned above resulted in PRIMAX ELECTRONICS LTD. and its subsidiaries to recognize its goodwill, technologies, and customer relations, as intangible assets. The rapid industrial transformation and the assessment of impairment contained estimation uncertainty; therefore, the assessment of impairment of intangible assets is one of the key audit matters for our audit.



How the matter was addressed in our audit:

The principal audit procedures on the assessment of impairment of intangible assets included: evaluating the identification of cash generating units and any indication of impairment relating to intangible assets made by the management; acquiring 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 statements.

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 PRIMAX ELECTRONICS LTD. and its subsidiaries 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 PRIMAX ELECTRONICS LTD. and its subsidiaries'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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 PRIMAX ELECTRONICS LTD. and its subsidiaries' 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 PRIMAX ELECTRONICS LTD. and its subsidiaries' 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 PRIMAX ELECTRONICS LTD. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the 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 PRIMAX ELECTRONICS LTD. and its subsidiaries 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 SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2023

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 Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(w) and 7)	\$ 79,240,765	100	71,649,849	100
5000	Operating costs (notes 6(g), (p), (r), (x) and 12)	<u>68,256,490</u>	<u>86</u>	<u>62,270,246</u>	<u>87</u>
	Gross profit from operation	<u>10,984,275</u>	<u>14</u>	<u>9,379,603</u>	<u>13</u>
	Operating expenses (notes 6(m), (p), (r), (u), (x) and 12):				
6100	Selling expenses	1,868,828	3	1,654,914	2
6200	Administrative expenses	2,313,027	3	2,015,183	3
6300	Research and development expenses	3,366,095	4	2,907,911	4
6450	Expected credit loss (reversal) (notes 6(e) and (f))	<u>91,552</u>	<u>-</u>	<u>(11,010)</u>	<u>-</u>
	Total operating expenses	<u>7,639,502</u>	<u>10</u>	<u>6,566,998</u>	<u>9</u>
	Net operating income	<u>3,344,773</u>	<u>4</u>	<u>2,812,605</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income	95,190	-	118,339	-
7010	Other income (notes 6(c), (q) and (y))	63,709	-	112,322	-
7020	Other gains and losses (notes 6(h), (j), (m) and (z))	457,298	-	229,800	-
7060	Shares of loss of associates accounted for using equity method (note 6(h))	(42,489)	-	(61,551)	-
7050	Finance costs (note 6(p))	<u>(289,517)</u>	<u>-</u>	<u>(181,552)</u>	<u>-</u>
	Total non-operating income and expenses	<u>284,191</u>	<u>-</u>	<u>217,358</u>	<u>-</u>
	Profit before tax	3,628,964	4	3,029,963	4
7950	Less: Income tax expenses (note 6(s))	<u>760,003</u>	<u>1</u>	<u>636,742</u>	<u>1</u>
	Profit	<u>2,868,961</u>	<u>3</u>	<u>2,393,221</u>	<u>3</u>
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(r))	6,971	-	(5,574)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	11,974	-	89,862	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>18,945</u>	<u>-</u>	<u>84,288</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operation's financial statements	522,322	1	(307,997)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>522,322</u>	<u>1</u>	<u>(307,997)</u>	<u>-</u>
8300	Other comprehensive income after tax	<u>541,267</u>	<u>1</u>	<u>(223,709)</u>	<u>-</u>
	Comprehensive income	<u>\$ 3,410,228</u>	<u>4</u>	<u>2,169,512</u>	<u>3</u>
	Profit attributable to:				
8610	Owners of parent	\$ 2,742,609	3	2,298,282	3
8620	Non-controlling interests (note 6(i))	<u>126,352</u>	<u>-</u>	<u>94,939</u>	<u>-</u>
		<u>\$ 2,868,961</u>	<u>3</u>	<u>2,393,221</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 3,214,191	4	2,121,938	3
8720	Non-controlling interests (note 6(i))	<u>196,037</u>	<u>-</u>	<u>47,574</u>	<u>-</u>
		<u>\$ 3,410,228</u>	<u>4</u>	<u>2,169,512</u>	<u>3</u>
	Earnings per share (note 6(v))				
9710	Basic earnings per share (NT dollars)	<u>\$ 6.10</u>		<u>5.13</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 6.02</u>		<u>5.09</u>	

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings					Exchange differences on translation of financial statements			Unrealized gains (losses) from financial assets at fair value		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unappropriated retained earnings	differences on translation of financial statements	through other comprehensive income	Unearned employee compensation	parent			
Balance at January 1, 2021	4,508,983	1,567,628	1,578,473	1,038,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833	2,212,757	15,500,590	2,212,757	17,713,347
Profit	-	-	-	-	2,298,282	(5,574)	89,862	-	2,298,282	94,939	2,393,221	(47,365)	2,345,856
Other comprehensive income	-	-	-	-	(5,574)	(260,632)	89,862	-	(176,344)	(47,365)	(223,709)	(47,365)	(271,074)
Comprehensive income	-	-	-	-	2,292,708	(260,632)	89,862	-	2,121,938	47,574	2,169,512	47,574	2,217,086
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	191,473	-	(191,473)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(12,581)	12,581	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,354,873)	-	-	-	(1,354,873)	-	(1,354,873)	-	(1,354,873)
Changes in shares of investment accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization expense of restricted stock	-	10,186	-	-	-	-	-	-	10,186	6,669	16,855	6,669	23,524
Cancellation of restricted stock	(1,750)	(6,446)	-	-	-	-	-	-	110,428	-	110,428	-	110,428
Issuance of restricted stock	45,400	187,412	-	-	-	-	-	(232,812)	8,196	-	-	-	8,196
Balance at December 31, 2021	4,532,633	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	2,267,000	18,709,512
Profit	-	-	-	-	2,742,609	-	11,974	-	2,742,609	126,352	2,868,961	126,352	3,015,313
Other comprehensive income	-	-	-	-	6,971	452,637	11,974	-	471,582	69,685	541,267	69,685	610,952
Comprehensive income	-	-	-	-	2,749,580	452,637	11,974	-	3,214,191	196,037	3,410,228	196,037	3,606,265
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	170,770	(170,770)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	-	(1,411,230)	-	(1,411,230)	-	(1,411,230)
Changes in shares of investment accounted for using equity method	-	183,738	-	-	2,741	-	(2,741)	-	183,738	(516,546)	(332,808)	(516,546)	(849,354)
Amortization expense of restricted stock	-	-	-	-	-	-	-	-	184,883	-	184,883	-	184,883
Cancellation of restricted stock	(5,290)	(21,683)	-	-	-	-	-	-	26,973	-	-	-	26,973
Issuance of restricted stock	35,550	209,073	-	-	-	-	-	-	(244,623)	-	-	-	(85,573)
Effect of the liquidation of equity instruments at fair value through other comprehensive income	-	-	-	-	(343)	-	343	-	-	-	-	-	-
Balance at December 31, 2022	4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	1,946,491	18,293,585	1,946,491	20,240,076

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,628,964	3,029,963
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,658,468	1,720,325
Amortization expense	228,854	220,634
Expected credit loss (reversal)	91,552	(11,010)
Interest expense	284,692	177,287
Interest income	(95,190)	(118,339)
Compensation cost of share-based payment	200,363	127,283
Impairment losses of intangible assets	29,198	-
Impairment losses of associates accounted for using equity method	157,740	300,274
Shares of loss of associates accounted for using equity method	42,489	61,551
Loss (gain) on disposal of property, plant and equipment	(3,510)	26,746
Impairment loss of property, plant and equipment (reversal)	6,084	(16,476)
Gain on disposal of right-of-use assets	(17,338)	(6,560)
Total adjustments to reconcile profit	<u>2,583,402</u>	<u>2,481,715</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(240,746)	157,520
Notes and accounts receivable	(2,065,746)	216,314
Accounts receivable from related parties	75,693	67,909
Other receivables	356,678	43,485
Inventories	3,811,097	(2,917,138)
Other current assets	339,712	522,565
Other operating assets	(8,364)	(10,290)
Changes in operating assets	<u>2,268,324</u>	<u>(1,919,635)</u>
Financial liabilities at fair value through profit or loss	413,607	170,883
Notes and accounts payable	(3,654,734)	(1,307,796)
Salaries payable	196,700	350,331
Other payables	1,087,725	(412,471)
Refund liabilities	212,842	278,110
Other current liabilities	863,648	(67,669)
Other operating liabilities	(74,244)	(256,961)
Changes in operating liabilities	<u>(954,456)</u>	<u>(1,245,573)</u>
Total changes in operating assets and liabilities	<u>1,313,868</u>	<u>(3,165,208)</u>
Total adjustments	<u>3,897,270</u>	<u>(683,493)</u>
Cash inflow generated from operations	7,526,234	2,346,470
Interest received	95,190	118,339
Interest paid	(284,614)	(177,211)
Income taxes paid	(1,142,812)	(614,122)
Net cash flows from operating activities	<u>6,193,998</u>	<u>1,673,476</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(108,358)	(35,097)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	8,538	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	6,234
Decrease (increase) in financial assets measured at amortized cost	1,535,721	(810,506)
Acquisition of property, plant and equipment	(1,931,157)	(3,044,488)
Proceeds from disposal of property, plant and equipment	27,574	25,738
Decrease (increase) in refundable deposits	(47,388)	36,006
Dividends received	10,744	4,858
Acquisition of unamortized expense	(33,665)	(58,083)
Proceeds from disposal of unamortized expense	4,414	1,680
Net cash flows used in investing activities	<u>(533,577)</u>	<u>(3,873,658)</u>
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(1,541,459)	1,125,770
(Decrease) increase in long-term borrowings	(996,955)	705,496
(Decrease) increase in guarantee deposits received	(127)	28
Payment of lease liabilities	(234,706)	(249,172)
Cash dividends	(1,411,230)	(1,354,873)
Repurchase shares of employee stocks ownership plan	(348,287)	-
Net cash flows from (used in) financing activities	<u>(4,532,764)</u>	<u>227,249</u>
Effect of exchange rate changes on cash and cash equivalents	<u>317,989</u>	<u>(123,179)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,445,646</u>	<u>(2,096,112)</u>
Cash and cash equivalents at beginning of period	<u>4,839,241</u>	<u>6,935,353</u>
Cash and cash equivalents at end of period	<u>\$ 6,284,887</u>	<u>4,839,241</u>

PRIMAX ELECTRONICS LTD.
Comparison of Amendments to the
Articles of Incorporation

Amended Content	Current Content	Reason for Amendment and Explanation
<p>Article 9</p> <p>Shareholder meetings shall consist of regular meetings and special meetings. Regular meetings shall be convened once a year within 6 months from the end of each accounting year. Special meetings shall be convened as required.</p> <p><u>Shareholder meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Article 9</p> <p>Shareholder meetings shall consist of regular meetings and special meetings. Regular meetings shall be convened once a year within 6 months from the end of each accounting year. Special meetings shall be convened as required.</p>	<p>Amended according to 172-2 of the Company Act.</p>
<p>Article 30</p> <p>These Articles of Incorporation were established on March 8, 2006,</p> <p>.....</p> <p>Seventeenth amendment was made on July 13, 2021.</p> <p><u>Eighteenth amendment was made on May 25, 2023</u></p>	<p>Article 30</p> <p>These Articles of Incorporation were established on March 8, 2006,</p> <p>.....</p> <p>Seventeenth amendment was made on July 13, 2021</p>	<p>Add an update to the amendment date.</p>

List of Director Candidates

Title	Name of Candidate	Education	Experience	Current Position
Director	Jia-Bin Duh	- M.B.A. J. L. Kellogg School of Management at Northwestern University (USA) - Department of Control Engineering National Chiao Tung University	- Primax Electronics Ltd. / Independent Director - Tymphany Worldwide Enterprises Ltd. / Independent Director - Fu Xun Tong Co., Ltd. / Chairman - Mobinnova Co., Ltd. / Chairman - Cisco Systems Inc. (China) / President	- Primax Electronics Ltd. / Chief Strategy Officer - Tymphany Worldwide Enterprises Ltd. / Representative of institutional director - Laowang Holding Limited Taiwan Branch (Cayman) / Director
Independent Director	Hui-Fan Ma	Master of International Business, National Taiwan University	- TSMC / Vice General Manager of Human Resources - TSMC / Vice General Manager of Human Resources - Trend Micro Inc. / Vice General Manager of Human Resources	None.

Addendum:

1. Nomination Policy and Process: Directors (including independent director) shall be elected pursuant to the candidate nomination system as specified in the Articles of Incorporation of the Company. The Nomination Committee undertakes a review of the qualification of candidates and submits a candidate list for elections to the Board. In accordance with the Corporate Governance Best Practice Principles of the Company, when reviewing the qualification of candidates, the Nomination Committee shall take into account the operation requirements as well as the diversity of Board Directors, such as the background, work experience, gender, knowledge, and skills.

2. The overall capacity and diversity of candidates for the directors (including independent director) :

Title	Name	Basic composition			Professional Experience					Professional knowledge and skills					
		Gender	Nationality	Age	Term of Independent director	Research and Development	Marketing	Financial	Management	Leadship and Policy decision	Operating and Management	Risk Management	Information Technology	Accounting and Financial	Law
Director	Jia-Bin Duh	Male	R.O.C.	60-69	✓	✓			✓	✓	✓	✓		✓	
Independent Director	Hui-Fan Ma	Female	R.O.C.	0-3 years	✓				✓	✓					

The information regarding the current operation of the Board of Directors and the Functional Committees, please refer to 「 III. Corporate Governance Report 4. Status of Corporate Governance Implementation 」 of the 2022 Annual Report.

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

Title	Name	Current Position in the other companies
Independent Director	Chih-Kai Cheng	Tymphany Worldwide Enterprises Ltd. / Independent Director
Director	Jia-Bin Duh	<ul style="list-style-type: none"> - Tymphany Worldwide Enterprises Ltd. / Representative of institutional director - Laowang Holding Limited Taiwan Branch (Cayman) / Director