Stock Code: 4915

PRIMAX ELECTRONICS LTD.

Handbook for the 2022 Annual General Meeting of Shareholders (Translation)

Time：May 26, 2022

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

* If a change in meeting venue occurred due to COVID-19 epidemic prevention reasons, we will make the related public announcements on MOPS.

Table of Contents

Page

I.Meeting Procedure **1**

II. Meeting Agenda **2**

1. Report 3
2. Adoption 3
3. Discussion 4
4. Extempore Motion 8
5. Meeting Adjournment 8

III. Schedule

1. 2021 Business Report 9
2. 2021 Audit Committee's Review Report 12
3. 2021 CPA Audit Report and Annual Parent Company Only and Consolidated Financial Statements 13
4. Comparison of Amendments to the " Procedures for Acquisition or Disposal of Assets " 30
5. Proposal of removal of the non-competition restrictions on the director 37

IV. Appendix

1. Regulations of Shareholders' Meeting Proceedings 38
2. Articles of Incorporation 41
3. Procedures for Acquisition or Disposal of Assets 46
4. Shareholding of Directors 61

PRIMAX ELECTRONICS LTD.

Procedure for the 2022 Annual General Meeting of Shareholders

1. Meeting called to order
2. Chairperson Remark
3. Report
4. Adoption
5. Discussion
6. Extempore Motion
7. Meeting Adjournment

PRIMAX ELECTRONICS LTD.
2022 Annual General Shareholders' Meeting Agenda
(Summary 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)

1、Meeting called to order (declare the number of shares represented by shareholders present at the meeting)

2、Chairperson Remark

3、Report

Ⅰ. The Company's 2021 Business Report.
Ⅱ. Audit Committee's Review Report on the 2021 Financial Statements.
Ⅲ. Distribution of employees' and directors' compensation in 2021.

4、Adoption

Ⅰ. The Company's 2021 business report and financial statements.
Ⅱ. The Company's 2021 distribution of earnings.

5、Discussion

Ⅰ. Amend the Company's " Procedures for Acquisition or Disposal of Assets ".
Ⅱ. Proposed Issuance of Restricted Employee Stock Awards.
Ⅲ. Removal of the non-compete restrictions on director.

6、Extempore Motion

7、Meeting Adjournment

Report

Report No. 1 **：**The Company's 2021 Business Report for review.
Description:

Refer to Schedule 1 of the Handbook (from page 9 to page 11) for the 2021 Business Report.

Report No. 2 **：** Audit Committee's Review Report on the 2021 Financial Statements for review.
Description:

Refer to Schedule 2 of the Handbook (page 12) for the Audit Committee's Review Report.

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.

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, from page 9 to page 11, and Schedule 3, from page 13 to page 29, of the Handbook for the above Financial Statements as well as the Business Report.

Resolution:

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：
Li-Sheng Liang

General Manager：
Li-Sheng Liang

Accounting Manager:
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.

Resolution:

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, from page 30 to page 36, of the Handbook for a comparison of the amendments to the " Procedures for Acquisition or Disposal of Assets ".

Resolution:

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 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. 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 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.

Resolution:

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. Refer to Schedule 5, page 37, of the Handbook for the details.

Resolution:

Extempore Motion

Meeting Adjournment

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

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)

	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

	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.

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.

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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.

【Schedule 4】

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. 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. 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; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. 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

Amended Content	Current Content	Reason for Amendment and Explanation
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

Amended Content	Current Content	Reason for Amendment and Explanation
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

Amended Content	Current Content	Reason for Amendment and Explanation
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 or foreign government bonds with the credit rating no lower than Taiwan's sovereign rating. (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. Eighth-time amendments were made on 2022/05/26.	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

【Appendix 1】

PRIMAX ELECTRONICS LTD.
Regulations of Shareholders' Meeting Proceedings

1. Unless otherwise provided for under the law or the Articles of Incorporation, the shareholders' meetings of the Company shall be conducted according to these Regulations.

2. The Company shall provide an attendance book for attending shareholders or their proxies (hereinafter the "Shareholders") to sign their names. As an alternative, attending shareholders may submit a sign-in card in lieu of signature on the attendance book.

   Shareholders shall attend a shareholders' meeting by presenting their attendance card, sign-in card or other attendance document. Proxy solicitors shall bring their ID with them for verification.

3. Calculation of attendance and voting at a shareholders' meeting shall be based on the shares.

   The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

4. The shareholders' meeting of the Company shall take place at the location of the Company or another place convenient for attendance by shareholders and appropriate for a shareholders' meeting to take place. The meeting shall not start earlier than 9 AM or later than 3 PM.

5. The board chairperson shall act as the chairperson of the shareholders' meeting he or she convenes. In the event that the board chairperson is on leave or unable to exercise powers and authorities with cause, the vice chairperson of the board shall act on his or her behalf. In the absence of a vice chairperson or if the vice chairperson is also on leave or unable to exercise powers and authorities, one of the managing director shall be appointed by the board chairperson to act on his or her behalf. In the absence of managing directors, one of the directors shall be appointed. In the event of failure of appointment by the board chairperson, the chairperson of the meeting shall be elected from among the managing directors or other directors.

   When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

   When a shareholders' meeting is convened by a person with the right to convene the meeting other than a member of the Board of Directors, the person with the right to convene the meeting shall act as the chairperson of the meeting.

6. The Company may send its appointed lawyers, public certified accountants or other relevant persons to attend a shareholders' meeting and respond to relevant questions during the meeting.

7. The Company shall make an uninterrupted audio and video record the proceedings of the whole shareholders' meeting and keep the recording for at least one year or a longer period of time until conclusion of a litigation proceedings if a shareholder files an action in accordance with Article 189 of the Company Act.

8. The chairperson of the meeting shall have the meeting called to order when the meeting is scheduled to start, provided that if the shareholders present at the meeting represent less than a majority of the total issued shares, the chairperson may announce to delay the meeting not more than twice for less than a total delay of one hour. In the event after two delays the quorum is not met but the shareholders present at the meeting represent one-third of the total issued shares or more, a tentative resolution may be passed according to Paragraph 1, Article 175 of the Company Act.

   In the case that the shareholders present at the meeting represent a majority of the total issued shares before the conclusion of the meeting, the chairperson may submit the tentative resolution to the shareholders' meeting for a vote of approval according to Article 174 of the Company Act.

9. The agenda of a shareholders' meeting shall be created by the Board of Directors with the proposal submitted by the Board of Directors to be dealt with on a prioritized basis during the meeting. When the above proposals are being discussed, the chairperson of the meeting may determine if a shareholder's comments are related to the proposal in question. If the feedback or comments are not related to the proposal in question, discussion shall be continued at an extempore motion. The related agenda (including extemporary motions and ordinary resolutions) shall be resolved by voting each. A meeting shall be proceeded with in accordance with a predetermined agenda unless changed by the resolution of a shareholders' meeting.

   The chairperson of the meeting shall not close the meeting prior to conclusion of the agenda unless a resolution is passed in favor of the closure.

   After closure of the meeting, shareholders shall not select a new chairperson to continue the meeting at the same location or a new location, except in the case of closure announced by the chairperson in violation of the regulations of meeting proceedings when a new chairperson may be elected with a majority vote of the attending shareholders to continue the meeting.

10. When a meeting is in progress, the chairperson may announce a break based on time considerations.

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

    A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail

    When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

    The chair may direct the proctors or security personnel to help maintain order at the meeting place.

12. No shareholders may pose questions about the issues stated in the report part of the agenda until the chairperson or his or her designated person has read aloud the contents or completed the report. Each shareholder may speak not more than twice and for not more than five minutes every time he or she speaks. The chairperson may permit an extension of five minutes and there may be only one extension.

    The requirements on the amount of time and number of times in the preceding paragraph shall apply when a shareholder is speaking about the agenda items listed in the recognition and discussion parts, and the various issues brought up in the extempore motion.

    The provisions in Paragraph 1 above shall apply mutatis mutandis when a shareholder is speaking about anything unrelated to the agenda item in the extempore motion for the amount of time and number of times of speech. If the shareholder's speech violates the above rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

13. When the government or a corporation is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a corporation is appointed to attend the shareholders' meeting as proxy, it may designate only one person to represent it in the meeting.

    If the government or a corporate shareholder designated two or more persons to represent it in the shareholders' meeting, only one person may speak about the same agenda item.

14. After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

15. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote within sufficient voting period.

16. For voting of a proposal, the proposal is approved with a majority vote of the attending shareholders except for the special resolutions otherwise provided for under the Company Act and the Articles of Incorporation.

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

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

    The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

17. When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required

    Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company. The tally of the vote shall be immediately announced and recorded.

18. If a force majeure event occurs when a meeting is in progress, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

    If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

    A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

19. For matters not provided for in these Rules, the Company Act and other applicable laws and regulations shall govern.

20. These Regulations shall come into force upon approval of the shareholders' meeting. The same shall apply to amendments hereto.

21. These Regulations were established on November 7, 2008.
    The first amendment was made on June 4, 2009.
    The second amendment was made on May 25, 2017.
    The third amendment was made on June 23, 2020.

ARTICLES OF INCORPORATION
OF
PRIMAX ELECTRONICS LTD.

Chapter I. General provisions

Article 1. The Company shall be named Primax Electronics Ltd. (致伸科技股份有限公司) and be incorporated as a Company Limited by Shares in accordance with the Company Act of the Republic of China.

Article 2. The scope of business of the Company shall be as follows:

1. CB01020 Office Machines Manufacturing
2. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
3. CC01060 Wired Communication Equipment and Apparatus Manufacturing
4. CC01070 Telecommunication Equipment and Apparatus Manufacturing
5. CC01080 Electronic Parts and Components Manufacturing
6. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
7. CC01110 Computers and Computing Peripheral Equipments Manufacturing
8. CE01030 Photographic and Optical Equipment Manufacturing
9. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
10. I301010 Software Design Services
11. F113050 Wholesale of Computing and Business Machinery Equipment
12. F118010 Wholesale of Computer Software
13. F213030 Retail sale of Computing and Business Machinery Equipment
14. F218010 Retail Sale of Computer Software
15. F114030 Wholesale of Motor Vehicle Parts and Supplies
16. F214030 Retail Sale of Motor Vehicle Pars and Supplies
17. C805050 Industrial Plastic Products Manufacturing
18. CA02010 Metal Architectural Components Manufacturing
19. CA02090 Metal Line Products Manufacturing
20. F401010 International Trade
21. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3. The head office of the Company shall be located in Taipei City. The Board of Directors may decide to establish branch offices in other appropriate locations, and shall decide for the establishment and dissolution of such branch offices.

Article 4. The Company may provide guarantees for third parties as it deemed necessary for business or investment purposes in accordance with its internal Rules for Endorsement and Guarantee

Article 4-1. The Company may invest in other enterprises as deemed necessary for its business operations, and may, upon the approval of the Board of Directors, act as a shareholder with limited liability of another company, and its total investment in other enterprises is not subject to the limit of 40% of the Company's paid-in capital prescribed in Article 13 of the Company Act.

Article 4-2. The Company shall make public announcements in accordance with Article 28 of the Company Act.

Chapter II. Shares

Article 5. The total capital of the Company is authorized at Five and Half Billion New Taiwan Dollars (NT$5,500,000,000), which consists of 550,000,000 common shares, with a par value of Ten New Taiwan Dollars (NT$10) per share, which the Board of Directors has been authorized to issue in stages. Forty Million (40,000,000) shares of the total number of shares specified in the preceding paragraph, with a par value of Ten New Taiwan Dollars (NT$10) per share, shall be preserved for issuing employee share subscription warrant, which the Board of Directors has been authorized to issue in one-time or in stages in accordance with actual needs.

When the Company buys back its shares, issues share subscription warrant and restricted stock awards, reserves the share subscription rights for employees when issues new shares in accordance with the laws, the employees who are entitled to receive the aforementioned stock or rights may include the employees of parents or subsidaries of the Company meeting certain specific requirements.

Article 6. When the Company issues new stock, all shares for that issuance may be printed in one printing in accordance with Article 162-1 of the Company Act, and shall be deposited with the centralized securities depository enterprise. Alternatively, if the Company does not need to print shares for its issued stock in accordance with Article 162-2 of the Company Act, must register stock with the centralized securities depository enterprise.

Article 6-1. A shareholders' resolutions shall be adopted before the Company withdraws its public offering of shares, and this provision shall not be amended while the Company is still listed (or OTC listed).

Article 7. Except when the requirements of other laws or securities rules apply, the Company’s stock affairs including transfer, creation of pledge, reporting of loss, transfer via inheritance, transfer via gift, lost or change of specimen chop and change of address shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 8. The entries in the shareholders' roster shall not be altered within the time periods specified in Article 165 of the Company Act.

Chapter III. Shareholders' Meetings

Article 9. 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.

Article 10. A notice to convene a regular meeting of shareholders shall be given to each shareholder thirty (30) days in advance. A notice to convene a special meeting of shareholders shall be given to each shareholder fifteen (15) days in advance. The notice shall state when, where and why the meeting is to be convened. The company shall also prepare a manual for shareholders' meeting proceedings prior to the scheduled meeting date of that shareholders' meeting.

Article 11. Except in the circumstances set forth in the Company Act under which the shares shall have no voting power, shareholders of the Company shall be entitled to one vote for each share they hold. The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting. Such shareholder's declaration of intention shall be dealt with in accordance Article 177-2 of the Company Act.

Article 12. Except where other legal regulations apply, all shareholders meetings shall be convened by the Board of Directors in accordance with the Company Act, and the Chairman of the Board of Directors shall serve as the chairman of shareholder meetings. In case the Chairman of the Board is on leave or absent or can not exercise his/her power and authority for any cause, the designation of his/her duties shall follow Article 208 of the Company Act; where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 13. Resolutions at a Shareholders' meeting shall, unless otherwise provided by law, be adopted by a majority vote of shareholders present in person or by proxy, who represent a majority of the total number of outstanding shares.

Article 14. In case a shareholder is unable to attend the shareholders' meeting, that shareholder may explicitly appoint one proxy agent to attend on his/her behalf within a scope of authorization upon presentation of a proxy letter issued by the Company. Except when the requirements of the Company Act apply, the use of proxies for attendance at shareholder meetings shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 15. Resolutions made in shareholder meetings shall be recorded in the minutes and signed and affixed thereon by the chairman. The minutes shall be sent to all shareholders within 20 days after the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding paragraph may be effected by means of electronic transmission or a public announcement

Chapter IV. The Board of Directors

Article 16. The Company shall establish a Board consisting of from 5 to 9 persons, all to be elected from among persons with legal capacities by the shareholders for terms of 3 years. A candidates nomination system shall be adopted for the election of directors and the same person may be elected again upon expiry of the term. Among the above-mentioned number of directors, the Company may have at least three and not less than one-fifth (1/5) of the directors as independent directors, who shall be elected by the shareholders under the candidate nomination system. The professional qualifications, shareholding, restrictions on serving other functions, determination of independence, method of nomination and election and other compliance matters with regard to independent directors shall be in accordance with relevant rules of the competent authority. The directors of the Company shall be elected in accordance with the Rules for Election of Directors of the Company.

The total number of registered shares of the Company that may be held by all directors shall be follow the standard established in accordance with the “Guidelines for Shareholding Percentage by Directors and Supervisors of Publicly Traded Companies and Audit Practice” promulgated by the competent authority.

The Company may establish a remuneration committee or other functional committees in accordance with actual needs.

Article 16-1 The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall be responsible for exercising such powers and duties of supervisors specified in the Company Act, the Securities and Exchange Act and other laws.

The audit committee shall be composed of the entire number of independent directors, at least one of whom shall have accounting or financial expertise, and one of whom shall be convener.

A resolution of the audit committee shall have the concurrence of one-half or more of all members.

Article 17. The directors shall form a Board of Directors. The Chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting attended by two-thirds or more of the directors. The Board of Directors may also in the same manner elect the Vice Chairman. The Chairman of the Board of Directors shall represent the Company externally.

Article 18. Unless otherwise provided by law, meeting of the Board of Directors shall be called and chaired by its Chairman. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his/her power and authority for any cause, the Chairman of the Board of Directors shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors. In calling a meeting of the Board of Directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, the meeting may be convened at any time. The notice may be delivered in writing, by email or fax.

Article 19. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 20. If, for any reason whatsoever, a director cannot attend a Board meeting, that director may issue a letter of authorization designating another director to act on behalf of the absent director; however, a director may act as the representative of only one other director. When a Board meeting is held by video conference, directors participating in such a meeting through video conference shall be deemed to have participated in the meeting in person.

Article 21. The Company's directors shall be entitled to travel allowances at an amount determined by the Board. The Board shall be authorized to determine the compensation of all directors on the basis of the prevailing standards in the industry. If a director concurrently holds another post at the Company, the salary received by such director for the other post shall be provided in accordance with the rules of the Company relating to personnel management.

Article 22. Directors of the Company may authorize the Board to purchase liability insurance during the terms of the directors to cover the liability for compensation borne by them in accordance with the law within the scope of their duties.

Chapter V. Management Personnel

Article 23. The Company shall have general manager responsible for managing all business at the Company in accordance with Board decisions. The general manager shall be appointed or dismissed by a resolution to be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the Company.

Article 24. The Board of Directors shall prepare the following statements at the closing date/end of each fiscal year, and submit them to the general shareholder meeting for recognition:

1. Report on operations;
2. Financial Statements; and
3. Proposal concerning distribution of net profits or action to deal with losses.

Article 25. When allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earing left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws, the balance of the earings shall combined into an aggregate amount of undistributed surplus, which shall become the aggregate distributable surplus; to be distributed by the Board's distribution proposals and according to the resolution adopted at the shareholders meeting.

The Company shall distribute 2 to 10 percent of distributable profit of the current yea as employee's compensation and not more than 2% of the profit for Directors' compensation; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses.

The employee's compensation may be distributed by way of shares or cash ; and the employees entitled to receive shares or cash includes the employees of subsidiaries of the company meeting certain requirements.

The said Copmany's profit for each year as set forth in the second paragraph shall be the profit before tax (PBT) (i.e. before deducting the sums of employee's compensation and Directors' compensatoin).

The Company may distribute employee's compensation and the Directors' compensation by a resolution adopted by a majority vote at a meeting of the Board attended by two-thirds of the total number of Directors; a report of such distribution shall be submitted to the meeting of the Members.

Article 26. Based on the Company's current environment, growth stage, future capital needs and long term financial planning, and taking into consideration on the interests of shareholders and a balanced dividend; dividend shall be distributed as a stock or cash dividend, but a cash dividend should be no lower than ten percent (10%) of the total shareholder dividend. However, the proportion of the above cash dividend shall be adjusted based on the overall business operations of the current year.

Article 27. When the Company issues employee share subscription warrant at the offering price below their market value (net worth of each stock), a special resolution shall be adopted, at a shareholders' meeting, by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company. To transfer shares to employees at less than the average actual share repurchase price, the Company must have, before such transfers, obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

Chapter VI. Supplementary Provisions

Article 28. Rules for implementation of these Articles of Incorporation may be set up separately.

Article 29. Provisions of the Company Act shall be referred to for matters not provided for in these Articles of Incorporation.

Article 30. These Articles of Incorporation were established on March 8, 2006.
First amendment was made on April 3, 2007.
Second amendment was made on June 13, 2007.
Third amendment was made on October 5, 2007.
Fourth amendment was made on November 7, 2007.
Fifth amendment was made on December 28, 2007.
Sixth amendment was made on August 27, 2009.
Seventh amendment was made on September 22, 2009.
Eighth amendment was made on October 23, 2009.
Ninth amendment was made on November 20, 2009.
Tenth amendment was made on June 25, 2010.
Eleventh amendment was made on June 19, 2012.
Twelfth amendment was made on June 25, 2013.
Thirteenth amendment was made on September 5, 2014.
Fourteenth amendment was made on June 29, 2015.
Fifteenth amendment was made on June 20, 2016.
Sixteenth amendment was made on May 30, 2018.
Seventeenth amendment was made on July 13, 2021.

Primax Electronics Ltd.

Chairman: Li-Sheng Liang

Primax Electronics Ltd.

Procedures for Acquisition or Disposal of Assets

Section One – General Provisions

I. Purpose and Legal Source:

The standard operating procedures are adopted in accordance with the governing body's "Regulations governing the Acquisition and Disposal of Assets by Public Companies" for the purpose of enforcing asset management and the transparency of information, and shall apply to all company operations.

II. Applicability of "Assets":

i. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

ii. Real property and equipment.

iii. Memberships.

iv. Patents, copyrights, trademarks, franchise rights, and other intangible assets.

v. Derivatives: Refers to Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts combining the above products, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

vi. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or the transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter referred to as "transfer of shares") under Article 156-3 of the Company Act.

vii. Right-of-use assets.

viii. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

ix. Other major assets.

III. Evaluation Procedures:

Upon the acquisition or disposal of negotiable securities or the trading of derivatives, the finance department shall first analyze the interests and evaluate possible risks; upon the acquisition or disposal of real property, equipment and right-of-use asset, capital expenditure plans shall be drafted by respective departments in advance, providing feasibility assessment on the purpose of the acquisition or the disposal and the expected effects; upon related party transactions, evaluation on the reasonableness of terms and conditions of the transaction shall be carried out in accordance with Segment 3 of Section 2 of this standard operation procedure; upon the trading of derivatives, the status on futures market transactions, interest rates and foreign exchange rates shall be taken into account for consideration; upon mergers, demergers, acquisition or transfer of shares, the nature of the business, net value per share, value of asset, techniques and profitability, capacity and future growth potential, etc. shall be taken into account for consideration.

Section Two – Disposition Procedures

Segment One – Establishment of Disposition Procedures

IV. The establishment of the procedures shall be executed after the approval of the shareholders upon approval and submission by the board of directors. Regarding the amendment of procedures, after the procedures have been approved of by over half of all members of the Audit Committee, they shall be submitted to the board of directors and reported to the shareholders' meeting for approval. If approval of more than half of all Audit Committee members as aforementioned is not obtained, the procedures may be implemented if they are approved of by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The aforementioned Audit Committee members and board of directions apply to those in office. If any director objects to or expresses reservations about the operating procedures, the dissenting opinion should be taken into full consideration, and it shall be recorded in the minutes of the board of directors meeting.

V. After the board of directors have approved of the procedures for the acquisition and disposal of assets, it shall obtain the approval from over half of the Audit Committee members and then submitted to the board of directions for deliberation. If approval from over half of the Audit Committee members as aforementioned is not acquired, the procedures may only be implemented if they are approved of by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the board of directors meeting minutes. The aforementioned Audit Committee members and board of directions apply to those in office. For the acquisition or disposal of assets that require the approval of the board of directors per company operating procedures or relevant regulations, all opinions of the directors should be taken into full consideration, with dissenting opinions recorded in the minutes of the board of directors meeting.

Segment Two – Acquisition or Disposal of Assets

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 to perform the appraisal 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) 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.

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. 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. 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”).

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 certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

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 appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.

IX. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or the certified public accountant’s opinion.

X. Aside from professional appraisal and opinions from certified public accountants and field experts, for the calculation of the price of the acquired or disposed asset and the basis for reference, the following procedures shall apply to the specific situations accordingly:

i. Acquired or disposed securities at the centralized market or via over-the-counter trading shall be determined by the prices of shares or bonds at the time of the event.

ii. For securities acquired or disposed at the centralized market or via over-the-counter trading, the net value per share, techniques and profitability, future growth potential, market rate, bonds and coupon rates, the debtor’s credit rating, etc. along with the strike price at the time of the event shall be taken into account for consideration.

iii. For acquired or disposed memberships, the potential profits and the concluding price shall be taken into account for consideration; for acquired or disposed patents, copyrights, trademarks, franchise rights, and other intangible assets, the international or market practices, serviceable time period, the impact on company techniques and business sales shall be taken into account for consideration.

iv. For acquired or disposed real property, equipment or right-of-use assets, the current value, assessed value, actual selling price or book value of neighboring real property, and vendors' price quotes shall be taken into account for consideration. If real property is purchased from a related party, the calculation of the price should follow the regulations stated in segment 3 of section 2 of the standard operating procedures to assess the reasonableness of the transaction price.

v. For the trading of derivatives the company's business needs and the relevant items' trade status shall be taken into account for consideration. Trend analysis on future stocks, foreign exchange rates and interest rates from financial institutions and securities firms of good credibility shall also be referred to. The combination of the above data shall determine the appropriate timing, merchandise and concluding price.

vi. For mergers, demergers, acquisitions or transfer of shares, the nature of the business, net value per share, value of asset, techniques and profitability, capacity and potential future growth shall be taken into account for consideration.

XI. Operating Procedures:

i. Degree/Level of Authority Delegated

The "Decree of Authority Chart for Acquisition and Disposal of Assets" approved by the board of directors shall apply. For investments in Mainland China regions, the "Permit for Investment or Technical Collaboration in Mainland China Regions" of the Investment Commission in Taiwan (hereinafter referred to as "MOEAIC") shall apply.

ii. Units Responsible for Implementation and Transaction Process

The company's "Regulations for Investment Managements" shall apply to the investment of securities by the implementing unit; the implementing unit for real property and other assets is the department of the application and competent units. Upon regulated appraisal and approval of the acquisition or disposal of assets, the implementing unit shall proceed with the process of contract initiation, payments, consignment, inspection and acceptance, etc. and perform control management according to the nature of the asset and the relevant regulations.

XII. Investment Amounts and Limits

The company and subsidiaries may invest on assets for the uses of business operations and also real property, equipment, its right-of use assets and securities for uses other than business operations, the amounts and limits are as stated below:

i. For non-business use operations, the aggregated amount of initially invested real property, equipment, its right-of-use assets, and marketable securities of financial assets classified as fair value through profit and loss, shall not exceed 20 percent of the shareholders' equity according to the most recent fiscal financial statement. Initially invested amount of a single company on marketable securities categorized as a financial asset classified as fair value through profit and loss shall not exceed 5 percent of the shareholders' equity aforementioned. Initially invested amount of the purchase of money market funds shall not exceed 50 percent of shareholders' equity as aforementioned. This policy also applies to the company's subsidiaries. If a subsidiary's invested amount exceeds the limit, it can be excluded from this policy following the company's board of directors' approval and subsequent ratification of the approval.

ii. The aggregated amount of initially invested securities by the company shall not exceed 150 percent of the shareholders' equity according to the most recent fiscal financial statement certified by the public accountant. However, the initially invested amount of joint venture for a single company on a financial asset not classified as fair value through profit and loss, is limited to 80 percent of the shareholders' equity aforementioned.

"Regulations Governing the Preparation of Financial Reports by Securities Issuers" shall apply to related parties and subsidiaries.

Segment Three – Related Party Transactions

XIII. Basis of Review

When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions from the previous segment and the present one are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the preceding segment.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with (ii) of article IIX herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Regulations regarding 10 percent of total assets mentioned herein shall be based on the total assets amount of the company's most recent fiscal financial report that is in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 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 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.

XV. Evaluation of the Reasonableness of the Transaction Costs:

When the company acquires real property or right-of-use assets from a related party, it shall evaluate the reasonableness of the transaction costs by the following means along with the review and opinions of a certified public accountant, provided that the real property or right-of-use assets was not acquired via inheritance or as a gift, or that more than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction, or the real property was acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land, or the real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, where article XIV shall apply.

i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

iii. Where land and structures thereupon are combined as a single property purchased or rented in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the two preceding paragraphs.

XVI. When the results of the company's appraisal conducted in accordance with the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with article XVII. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:

i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

1. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the

construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

2. Transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market purchase or rental practices.

ii. Where the company acquiring real property or renting real property right-of-use assets from a related party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets.

XVII. Where the company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with article XV and XVI are uniformly lower than the transaction price, the following steps shall be taken:

i. A special reserve shall be set aside in accordance with article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company that is a public company, then the special reserve called for under article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. The special reserve as stated in the preceding paragraph may not be utilized until the company has recognized a loss on decline in market value of the assets it purchased or rented at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

ii. All members of the Audit Committee shall comply with Article 218 of the Company Act.

iii. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus

iv. When obtaining real property or right-of-use assets thereof from a related party, it shall also comply with subparagraph 1 and subparagraph 2 if there is other evidence indicating that the acquisition was not an arms length transaction.

Segment Four – Engaging in Derivatives Trading

XIIX. Trading Principles and Strategies

i. Types of derivatives: Forward contracts, options contracts, interest and exchange swaps, future contracts, leverage contracts and compound contracts combining the above products, or hybrid contracts or structured products containing embedded derivatives. Any other products must be approved of for trading by the board of directors.

ii. Operating or Hedging Strategies: The trading of derivatives within the company is categorized into hedge trades and non-hedge trades (as in for the purposes of trade). The strategies shall aim at operational risk aversion with the trading products chosen to avert the risks of foreign exchange earnings, expenditures, assets, debts, etc. that may arise from company businesses. If non-hedge trading of derivatives is chosen at the appropriate time due to objective changes to circumstances, it should increase the company's non-business income or lower non-business losses. Moreover, financial institutions that do business with the company shall be prioritized as the counterparty of the transaction to avoid the occurrence of credit risks. To establish the basis for accounting, the transaction must be determined in advance as either a hedge trade or a financial operation and transaction with investment and profit objectives.

iii. Ceilings on the Transaction Amount:

1. Hedge Trades: Not exceeding the company's total foreign currency assets and debts positions (including the total assets and foreign currency debts positions forecasted for the succeeding six months).
2. Non-Hedge Trades: The "Decree of Authority Chart for Acquisition and Disposal of Assets" approved by the board of directions shall apply. Prior to the execution of the transaction, the trader shall submit a foreign exchange analysis report detailing the analysis of foreign exchange market trends and suggested operating procedures for approval.

iv. Maximum Loss Limit on Total Trading and for Individual Contracts

1. Hedge Trades: Hedge trades shall be performed based on the company's actual hedging needs. If any of the following situations occur, a countermeasure plan shall be immediately submitted to the finance department's director and the chairman for resolution.
   (1) Unexpired individual contracts: Appraised amount of losses exceeds 20 percent or more of said contract's amount.
   (2) Total unexpired contracts: Appraised amount of losses exceeds 10 percent or more of the aggregated amount of all contracts.
2. Non-Hedge Trades: The stop loss limit shall be set up following the establishment of the position to prevent the excess of loss, with the stop loss limit not exceeding 35 percent of the transaction contract amount and the amount of the fiscal year's aggregated losses not exceeding US$300 million.

v. Segregation of Duties

1. Trader: The executor of the derivatives trading shall be appointed by the chairman, responsibilities of whom including the establishment of trading strategies within the limits of delegated authority, the execution of transaction instructions, revealing future trading risks, and providing instant updates to relevant departments for reference.
2. Accounting unit: Credit and record transaction data in accordance with relevant regulations, regularly execute fair market price appraisal on all positions and provide such information to the transaction exclusive personnel, reveal relevant data on derivatives in financial statements, and regularly perform announce and report items.
3. Finance unit: Confirm transactions and execute regular fair market price appraisal on all derivatives trading positions, handle settlements of the trading of derivatives.
4. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

vi. Essentials of Performance Evaluation

1. Hedge Trades: Execute performance evaluation no less frequently than twice a month on the profits and losses based on book value of foreign exchange (interest) rates and financial derivative transactions, and report evaluation results to company executives for reference.
2. Non-Hedge Trades: Execute performance evaluation no less frequently than weekly on actual profits and losses and report evaluation results to company executives for reference.

XIX. Risk Management Measures

Upon the trading of derivatives, the company shall implement risk management measures and with limits of risk management according to the following:

i. Credit risks: Selection of the trading counterparty shall prioritize companies with good reputation and financial institutions and commission merchants that can offer professional information.

ii. Market risks: Changeable losses due to the future market price fluctuation for derivatives, the company must strictly abide by the stop loss limit set up following the establishment of the position.

iii. Liquidity risks: To ensure the liquidity of derivatives, the trading body must have sufficient equipment, information, trading capacity, and be able to trade in any market.

iv. Operational risks: The delegation of authority and operational procedures must be strictly abided by to avoid operational risks.

v. Legal risks: Any contracts signed with financial institutions shall strive for compliance with international standards of documents to avoid legal risks.

vi. vi. Product risks: The internal trader shall have complete and accurate professional knowledge of the derivatives for trading to avoid losses caused by the misuse of derivatives.

vii. Cash settlement risks: The delegated trader shall fully abide by the policies of the level of delegated authority and take heed of company cash flow to ensure there is sufficient cash available for cash settlements.

viii. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

ix. The accounting unit shall regularly execute reconciliation or confirmation with the bank with which the company does business and constantly certify that the aggregated amount of transactions does not exceed the limits regulated in the standard operating procedures.

x. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph (iix) and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

xi. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

XX. Internal Audit System：

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the senior management personnel appointed by the chairman and the board of directors shall be immediately reported to and the Audit Committee shall be notified in writing.

Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the Audit Committee under the preceding paragraph, written notice shall also be given to the independent directors.

XXI. Regular Evaluation Methods and Handling of Irregular Circumstances:

i. Monthly or weekly assessment of derivatives trading shall be performed and the profit-loss situations and open interest positions of non-hedge trades shall be reported to the chairman and the senior management personnel appointed by the board of directors for reference during performance evaluation management and risk assessment.

ii. The company’s board of directors shall faithfully supervise and manage derivatives trading. It shall also periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

iii. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these regulations and the procedures for engaging in derivatives trading formulated by the company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted, and a report immediately made to the board of directors.

   (Where the company already has independent directors, an independent director shall be present at the meeting and express an opinion.)

iv. When the company engages in derivatives trading it shall establish a logbook in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, monthly or weekly evaluation reports, and regular assessments performed by the senior management personnel delegated by the chairman and the board of directors shall be recorded in detail in the log book.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the standard operating procedures.

Segment Five – Mergers and Consolidations, Splits, Acquisitions, Transfer of Shares

XXII. When the company participates in a merger, demerger, acquisition, or transfer of shares, it shall do so after the approval of the shareholders' meeting, provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Also, the transfer of shares shall be approved of by the board of directors prior to its execution.

XXIII. When the company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a certified public account, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, when the company participates in a merger of any subsidiary of which it owns 100 percent direct or indirect issued stocks or capital sum, or when the company participates in a merger of its subsidiaries of which the company owns 100 percent direct or indirect issued stocks or capital sum, it needs not obtain the opinion from the aforementioned experts on the reasonableness of such an event.

XXIV. When the company participates in a merger, demerger, acquisition, or transfer of shares it shall prepare a public report to the shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution or the proposal is rejected by the shareholders' meeting, the company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

XXV. When the company participates in a merger, demerger, or acquisition it shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition. When participating in the transfer of shares, unless another act provides otherwise or the governing body is notified in advance of extraordinary circumstances and grants consent, the company shall convene a board of directors meetings on the day of the transaction.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on the exchange or has its shares traded on the over-the-counter market shall prepare a full written record of the following information and retain it for 5 years for reference:

i. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

ii. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting

iii. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an over-the-counter market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report in the prescribed format and via the Internet-based information system the information set out in (i) and (ii) of the preceding paragraph to the governing body for recordation.

Where the company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an over-the-counter market, the company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraphs.

XXVI. Share Exchange Ratio and Acquisition Price:

When participating in a merger, demerger, acquisition, or transfer of shares, the share exchange ratio or acquisition price may not arbitrarily alter unless under the below-listed circumstances:

i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

ii. An action, such as a disposal of major assets, that affects the company's financial operations.

iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

XXVII. Items to be Recorded in Contracts

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations, the share exchange ratio and acquisition price of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

i. Handling of breach of contract.

ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
iv. The manner of handling changes in the number of participating entities or companies.
v. Preliminary progress schedule for plan execution, and anticipated completion date.
vi. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

XXIIX. Additional Provisions for the Company's Mergers, Demergers, Acquisitions, or Transfer of Shares:

i. Companies participating in the merger, demerger acquisition, or share transfer intends shall issue a confidentiality undertaking in written form and they shall not disclose any information prior to public disclosure of the information, nor shall they purchase or sell any stocks or equity-based securities of all related companies of the transaction under individual name or using other individuals' names.
ii. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
iii. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of article XXV, (i) and (ii) of the preceding article.

Section Three – Public Disclosure of Information

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 as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where 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; provided, this shall not apply to 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.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in (iv) of article XIIX of the standard operating procedures.
4. Where the type of asset acquired or disposed is equipment/machinery for business use or right-of-use assets, the trading counterparty is not a related party, and the transaction amount is less than NT$500 million.

5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction is less than NT$500 million.
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.

ii. The amount of transactions above shall be calculated as follows:
1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property or right-of-use asset acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

iii. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.

iv. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the governing body by the 10th day of each month.

v. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days of the date of notice of such amendments to content.

vi. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the governing body within 2 days commencing immediately from the date of occurrence of the event:
1. Change, termination or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

XXX. When acquiring or disposing assets the company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public account, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Section Four – Additional Provisions

XXXI. Control of Acquisition or Disposal of Assets by Subsidiaries

i. The company's subsidiaries shall also establish and execute "Procedures for Acquisition or Disposal of Assets" in accordance with regulations of the governing body, obtain approval from the board of directors. This also applies to amendments of the standard operating procedures.

ii. Assets acquired or disposed by subsidiaries shall be conducted in accordance with the separate "Control System" and "Procedures for Acquisition or Disposal of Assets". The company shall compile monthly reports on the status of individual or accumulated acquired or disposed assets trading or transactions of similar nature reaching NT$10 million or more of the preceding month and the status of derivatives trading up to the end of the previous month, and report to the company in written form on the 5th day of each month. The company's auditors shall list subsidiaries' acquired or disposed asset matters as monthly auditing items and the status of the audit shall be reported to the Audit Committee and the board of directors.

iii. The company shall announce and report on behalf of any subsidiary thereof that is not a public company if its acquired or disposed assets reach the standards of announce and report as stated in article IXXX prior to the occurrence of the fact, and the company shall announce and report pursuant to regulations at the designated website. The paid-in capital or total assets of the subsidiary shall be the standard for determining whether or not the subsidiary is subject to regulations requiring a public announcement and regulatory filing in the event the type of transaction specified therein of the total assets.

XXXII. Penal Provisions:

Upon the violation of the Securities and Futures Bureau's "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" by the relevant representing agent of the company's acquired or disposed assets, penalties shall be imposed according to the condition of violation as regulated by the following, with the violation included in the year's individual performance evaluation:

i. Violation of appraisal authorization: First-time violators shall receive verbal counsel. Second-time violators shall receive written warnings and they shall be required to participate in the company's internal control training session. Repeated violators or gross violators shall be relocated.

ii. Violation of review procedures: First-time violators shall receive verbal counsel. Second-time violators shall receive written warnings and they shall be required to participate in the company's internal control training session. Repeated violators or gross violators shall be relocated.

iii. Violation of announce and report procedures: First-time violators shall receive verbal counsel. Second-time violators shall receive written warnings. Repeated violators or gross violators shall be relocated.

iv. Penalties shall be imposed to and accepted by the supervisor of the violator provided that said supervisor fails to provide a reasonable explanation detailing that precautions were made.

v. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of relevant regulations or the resolutions of the shareholders' meeting, the Audit Committee shall, in accordance with the rules of Article 218-2 of the Company Act, by a notice, ask the board of directors or the director, as the case may be, to cease such act.

XXXIII. Regarding appraisal reports obtained for the company or opinions from public lawyers, or accountants, or securities underwriters, said appraiser, lawyer, accountant, or securities underwrite must not be related to the parties involved in the transaction and shall comply with article V of the previsions of public enterprises acquiring or disposing of assets.

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.

PRIMAX ELECTRONICS LTD.
Shareholding of Directors

1. The Company's paid-in capital is NT$ 4,554,633,240and have issued 455,463,324 shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum shares held by all the directors shall be 16,000,000 shares.
3. The table below provides the information about the shares held by individual and all the directors as recorded in the shareholders' roster as of the lockup date (March 28, 2022), which have met the percentage standards required by law.

Position	Name	Date elected	Current Shareholding shares	Shareholding ratio
Chariman	Li-Sheng Liang	July 13, 2021	3,881,001	0.85%
Director	Yung-Chung Pan	July 13, 2021	7,455,046	1.64%
Director	Yung-Tai Pan	July 13, 2021	5,052,599	1.11%
Director	Green Land Investment Limited Representative: Ji-Ren Lee	July 13, 2021	160,000	0.04%
Independent Director	Chih-Kai Cheng	July 13, 2021	0	0%
Independent Director	Chun-Pang Wu	July 13, 2021	0	0%
Independent Director	Jia-Chyi Wang	July 13, 2021	0	0%
Independent Director	Ying-Chuan Shen	July 13, 2021	0	0%
Independent Director	Jia-Bin Duh	July 13, 2021	0	0%
Shareholdings of all Directors			16,548,646	3.63%