

# **DARFON ELECTRONICS CORP.**

## **2022 Annual General Shareholders' Meeting**

### **Meeting Agenda**

**(Translation)**

**Date: June 16, 2022**

Note to Readers :

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

# **DARFON ELECTRONICS CORP.**

## **2022 Annual General Shareholders' Meeting**

**Meeting type: Physical shareholders meeting**

**Time: 9:00 a.m., Thursday, June 16, 2022**

**Place: FULLON HOTEL (No.200, Sec.1, Daxing W.Rd., Taoyuan Dist., Taoyuan City)**

**Meeting Agenda :**

**1. Call Meeting to Order**

**2. Chairman's Address**

**3. Report Items :**

- (1) To report the business of 2021
- (2) Audit Committee's review report
- (3) To report the distribution of 2021 employees' and directors' remuneration
- (4) To report the proposal for the 2021 earnings distribution of cash dividends

**4. Ratification and Discussion Items :**

- (1) To accept 2021 business report and financial statements
- (2) To accept the proposal for the distribution of 2021 earnings
- (3) Discussion of the amendment to "Articles of Incorporation".
- (4) Discussion of the amendment to "Procedures for Acquisition or Disposition of Assets" and "Procedures for Engaging in Derivatives Trading".
- (5) Discussion of the amendment to "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee".

**5. Extraordinary Motions**

**6. Meeting Adjourned**

## **Attachment**

1. 2021 Business Report
2. Independent Auditors' Report and 2021 Consolidated Financial Statements
3. Independent Auditors' Report and 2021 Parent-Company-Only Financial Statements
4. 2021 Earnings Distribution Table
5. Comparison table for the Articles of Incorporation before and after amendment
6. Articles of Incorporation before amendment
7. Comparison table for the Handling Procedures for Acquisition or Disposal of Assets before and after amendment
8. Comparison table for the Handling Procedures for Conducting Derivative Transactions before and after amendment
9. Comparison table for the Handling Procedures for Lending Funds to Other Parties before and after amendment
10. Comparison table for the Procedures for Endorsements and Guarantees before and after amendment
11. Shareholding of All Directors
12. Rules and Procedures for Shareholders' Meeting

## Report Items :

### 1. To report the business of 2021

#### Explanation:

The 2021 Business Report is attached hereto as Attachment 1 (page 5).

### 2. Audit Committee's Review Report

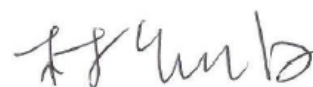
#### Explanation:

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's Financial Statements for the year of 2021. Chang, Huei-Chen and Shih, Wei-Ming Certified Public Accountants of KPMG, have audited the Financial Statements. The 2021 Financial Statements, Business Report, Independent Auditors Report, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of DARFON ELECTRONICS CORP. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

DARFON ELECTRONICS CORP.

Chair of the Audit Committee



Neng-Pai Lin

March 8, 2022

### 3. To Report the distribution of 2021 employees' and directors' remuneration

#### Explanation:

The distribution of 2021 directors' and employees' remuneration is stipulated in Articles of Incorporation, it is proposed to allocate NT\$ 10,716,685 for directors' remuneration and NT\$ 142,889,138 for employees' remuneration. The payment will be made in cash.

### 4. To report the proposal for the 2021 earnings distribution of cash dividends

#### Explanation:

- (1) In accordance with the Articles of Incorporation, the distribution of earnings is distributed in the form of cash; the distribution may be approved by the Board of Directors and reported to the shareholders' meeting.
- (2) The proposed distribution is allocated from the 2021 earnings available for distribution. Each common share holder will be entitled to receive a cash dividend of NT\$3 per share.
- (3) The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar, and the Board of Directors is authorized to determine the ex-dividend date for the cash dividend distribution and other related matters.
- (4) If the dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares, the Chairman of Board of Directors has full authority to adjust the distribution ratio.

## **Ratification and Discussion Items :**

### **1. To accept 2021 business report and financial statements (Proposed by the Board of Directors)**

#### **Explanation:**

- (1) The 2021 Financial Statements were audited by the independent auditors, Chang, Huei-Chen and Shih, Wei-Ming of KPMG.
- (2) For the 2021 Independent Auditors' Report, and the 2021 Financial Statements, please refer to Attachments 2-3 (pages 6-24).

#### **Resolution:**

### **2. To accept the proposal for the distribution of 2021 earnings (Proposed by the Board of Directors)**

#### **Explanation:**

The 2021 Earnings Distribution Table was approved by the Board of Directors and reviewed by the Audit Committee. The 2021 Earnings Distribution Table is attached hereto as Attachment 4 (page 25).

#### **Resolution:**

### **3. Discussion of the amendment to "Articles of Incorporation"(Proposed by the Board of Directors)**

#### **Explanation:**

To comply with President Order Hua-Tsung (1)-Jing-Tzu No.11000115851 on December 29, 2021 and meet actual needs, it is proposed to amend "Articles of Incorporation". The comparison table for the Articles of Incorporation before and after amendment is attached hereto as Attachment 5 (page 26).

#### **Resolution:**

### **4. Discussion of the amendment to " Handling Procedures for Acquisition or Disposition of Assets" and " Handling Procedures for Engaging in Derivatives Trading"(Proposed by the Board of Directors)**

#### **Explanation:**

To comply with the Financial Supervisory Commission's Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 on January 28, 2022 and meet actual needs, it is proposed to amend "Procedures for Acquisition or Disposition of Assets" and "Procedures for Engaging in Derivatives Trading". The comparison tables for the "Handling Procedures for Acquisition or Disposition of Assets" and "Handling Procedures for Engaging in Derivatives Trading" before and after amendment are attached hereto as Attachment 7,8 (page 31-39).

#### **Resolution:**

### **5. Discussion of the amendment to " Handling Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee "(Proposed by the Board of Directors)**

#### **Explanation:**

To meet actual needs, it is proposed to amend "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee". The comparison tables for " Handling Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee" before and after amendment are attached hereto as Attachment 9,10 (page 40-45).

#### **Resolution:**

## **Extraordinary Motions**

## **Meeting Adjourned**

## 2021 Business Report

The COVID-19 pandemic continues to pose a threat and the US-China trade war still rages in 2021; these all caused structural impacts on global politics, economies and societies. However, the transformation of industries and lifestyles under the pandemic brought strong demand for notebook computers, bicycles and pedelec bicycles (eBike), which increased both the company's revenue and profits. The company's consolidated revenue for 2021 was NTD \$28 billion, which increased by 26% compared to the same period the previous year. There was also significant growth in net profit after tax; the net profit after tax attributable to the shareholders of the parent company for the year was NTD \$1.15 billion, and the earnings per share after tax was \$4.09.

In terms of operation and sales, the demand for global notebook computers in the education, gaming and commercial fields increased even faced with unfavorable factors, including lack of components and increased shipping costs; the overall shipment of notebook computers still reached a historical high. Darfon's IT peripherals business is committed to grasping the urgent demand from commercial enterprise orders and consumer Chromebooks and increasing production efficiency; it focused on value customers and continually optimized the product portfolio to increase the profits and maintain the leading position in market shares. Darfon actively invested resources to enhance technological innovation, shorten product development schedules, and strengthen the core competitiveness of notebook and high-end desktop keyboard technologies while launching various high-quality gaming peripheral application products, becoming a top global manufacturer of input devices. The performance of Darfon's green energy business centers on the development of pedelec bicycles (eBike) grew rapidly under the development of strategic alliances. Its proportion of revenue contribution has exceeded 30%. With the joining of Astro Tech last year, the green energy business was able to fully grasp the four major core technologies for pedelec bicycles (eBike): electronics, batteries, frames and assembly. The integrated component business focused on deepening the improvement of technologies, developing niche products, and expanding diverse channels. The subsidiary company, Unictron Technologies Corp., which focuses on piezoelectric and antenna components, was successfully listed in the 4<sup>th</sup> quarter of 2021, successfully reaching an important milestone in the strategic layout of the component business.

In terms of management, faced with the restructuring of global supply chains and the changing of new business operation models, Darfon's global layout strategy now focuses on consolidating China, expanding Vietnam, strengthening Taiwan, deploying diverse manufacturing in Europe and developing local services. The emphasis is on regional complementarity, and supply chain management, exerting economies of scale by integrating platforms across businesses. In terms of human resources, in response to the new generation of talent management models, recruit efficiencies were strengthened to satisfy the group's talent needs, cultivate industry leaders for the group, and create valuable teams together. In addition, Darfon continues to develop through innovation and technology to maintain competitive advantages; an average of 3% of the turnover was invested each year in product innovation and technological R&D, and now Darfon has accumulated almost a thousand patents in different countries around the world.

Darfon adheres to the core concept of sustainable operation and environmental protection, social responsibility and corporate governance; it communicates and cooperates with stakeholders to create shared values. In 2021, Darfon won the 17th CSR Corporate Social Responsibility Award from Global Views Monthly, the Asia HR "HR Asia Best Companies to Work for in Asia" award, and the "WeCare Most Caring Companies Award", fully affirming the company's achievements in caring for employees and fulfilling corporate social responsibilities. The company will continue to implement energy-saving and carbon reduction green processes, care and bear the social responsibilities, and keep the corporate governance in pace with the times.

Even though there is no clear ending to the COVID-19 pandemic in 2022, the digital transformation and changes in lifestyles are now confirmed trends. Even though the overall economy's uncertainty still exists, Darfon will continue to strengthen its fundamentals and further expand the differentiation of its technologies and products. Integrate through consolidation to make the company bigger and better, and use strategic alliances and complementary advantages to show the synergy of the group's active deployment of IT and green energy industry in recent years, adding energy to the sustainable operation of the company.

Thank you to the shareholders for your long-term support and encouragement to the company; The management team and all employees will continue to put in all our efforts to maximize enefits for the shareholders and the company.

## Independent Auditors' Report

To the Board of Directors Darfon Electronics Corp.:

### Opinion

We have audited the consolidated financial statements of Darfon Electronics Corp. 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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”), and interpretations developed by the International Financial Reporting Interpretations Committee (“ IFRSs” ) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit 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 Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2021 are stated as follows:

#### 1. Valuation of inventories

Please refer to note 4(h) for the accounting policies on measuring inventory, note 5(a) for uncertainty of accounting estimations and assumptions for inventory valuation, and note 6(f) for the disclosure of the amounts of inventory write-downs, of the consolidated financial statements.

##### Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Darfon Electronics Corp. and its subsidiaries, an electronic industry, possess rapid innovation in the highly competitive market, therefore causing the product life cycle shorter and variation of the price faster. Due to the rapid innovation of technology, the Group’s stocks for products may become obsolete and product price may decline rapidly. These factors result in a risk wherein the carrying amount of inventory may exceed its net realizable value. Particularly, the estimation of net realizable value requires the management’s subjective judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

##### How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the inventory aging report provided by the Group, and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of inventory aging classification; evaluating whether valuation of inventories was accounted for in accordance with the Group’s accounting policies; and assessing the historical reasonableness of management’s estimates of inventory provisions.

#### 2. Business combination

Please refer to note 4(t) for the accounting policy on business combination, and note 6(h) for related disclosures of acquisition of subsidiaries, of the consolidated financial statements.

##### Description of key audit matter:

In 2021, the Group acquired 51.00% ownership of Astro Tech Co., Ltd., wherein the Group controls it. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. As the assessment is complex and involves significant assumptions and estimation, it has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; and evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

3. Impairment of goodwill

Please refer to note 4(n) for the accounting policies on impairment of non-financial assets, note 5(b) for the uncertainty of accounting estimations and assumptions for goodwill impairment, and 6(m) for related disclosures of impairment test of goodwill, of the consolidated financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of subsidiaries is subject to an impairment test annually or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill from cash generating units involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of impairment of goodwill provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions ; and assessing the adequacy of the Group's disclosures with respect to the related information on goodwill impairment.

**Other Matter**

Darfon Electronics Corp. has additionally 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, IFRC, and SIC endorsed and issued into effect 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 for the year ended December 31, 2021 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 Huei-Chen Chang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2022

#### **Notice to Readers**

The accompanying consolidated financial statements are intended only to present the statement of 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 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' report and consolidated financial statements, the Chinese version shall prevail.

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>Current assets:</b>				
1100 Cash and cash equivalents	\$ 3,045,203	9	2,602,683	11
1110 Financial assets at fair value through profit or loss-current	457,461	1	454,332	2
1120 Financial assets at fair value through other comprehensive income-current	271,389	1	89,443	-
1136 Financial assets at amortized cost-current	3,100	-	1,100	-
1170 Notes and accounts receivable, net	7,724,859	23	6,731,425	28
1180 Accounts receivable from related parties	137,271	-	123,441	-
1200 Other receivables	44,210	-	21,067	-
130X Inventories	8,538,835	26	4,336,702	18
1470 Prepayments and other current assets	856,236	3	622,890	3
<b>Total current assets</b>	<b>21,078,564</b>	<b>63</b>	<b>14,983,083</b>	<b>62</b>
<b>Non-current assets:</b>				
1517 Financial assets at fair value through other comprehensive income-non-current	1,213,707	4	1,058,383	4
1535 Financial assets at amortized cost-non-current	810	-	810	-
1550 Investments accounted for using equity method	75,223	-	29,069	-
1600 Property, plant and equipment	7,843,550	24	6,045,946	25
1755 Right-of-use assets	972,784	3	670,213	3
1760 Investment property, net	62,125	-	86,826	-
1780 Intangible assets	1,018,046	3	774,027	3
1840 Deferred income tax assets	160,251	1	196,023	1
1915 Prepayments for equipment	403,631	1	191,694	1
1920 Refundable deposits	39,961	-	32,260	-
1975 Net defined benefit asset-non-current	17,076	-	16,777	-
1990 Other non-current assets	309,546	1	184,395	1
<b>Total non-current assets</b>	<b>12,116,710</b>	<b>37</b>	<b>9,286,423</b>	<b>38</b>
<b>Total assets</b>	<b>\$ 33,195,274</b>	<b>100</b>	<b>24,269,506</b>	<b>100</b>

(Continued)

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets (Continued)**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 5,039,971	15	2,470,428	10
2110	Short-term notes and bills payable	-	-	439,721	2
2120	Financial liabilities at fair value through profit or loss	23	-	28	-
2170	Notes and accounts payable	6,684,209	20	5,321,074	22
2200	Other payables	3,486,501	11	2,815,639	12
2250	Provision-current	110,716	1	96,222	-
2280	Lease liabilities-current	100,386	-	94,838	-
2322	Long-term debt, current portion	16,899	-	-	-
2399	Other current liabilities	715,203	2	434,965	2
	<b>Total current liabilities</b>	<u>16,153,908</u>	<u>49</u>	<u>11,672,915</u>	<u>48</u>
<b>Non-current liabilities:</b>					
2540	Long-term debt	3,623,951	11	1,600,000	7
2570	Deferred income tax liabilities	177,942	-	72,675	-
2580	Lease liabilities-non-current	203,716	1	258,871	1
2640	Net defined benefit liability-non-current	65,377	-	66,229	-
2670	Other non-current liabilities	249,043	1	19,754	-
	<b>Total non-current liabilities</b>	<u>4,320,029</u>	<u>13</u>	<u>2,017,529</u>	<u>8</u>
	<b>Total liabilities</b>	<u>20,473,937</u>	<u>62</u>	<u>13,690,444</u>	<u>56</u>
<b>Equity attributable to shareholders of the Parent:</b>					
3110	Common stock	2,800,000	8	2,800,000	12
3200	Capital surplus	4,132,767	12	3,921,454	16
	Retained earnings:				
3310	Legal reserve	1,116,990	3	1,024,037	4
3320	Special reserve	386,607	1	492,270	2
3350	Unappropriated earnings	1,828,344	6	1,339,912	6
		<u>3,331,941</u>	<u>10</u>	<u>2,856,219</u>	<u>12</u>
	Other components of equity:				
3410	Foreign currency translation differences	(765,143)	(2)	(683,751)	(3)
3420	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	379,613	1	328,577	1
3445	Remeasurement of defined benefit	(36,993)	-	(31,433)	-
		<u>(422,523)</u>	<u>(1)</u>	<u>(386,607)</u>	<u>(2)</u>
	Equity attributable to shareholders of the Company	<u>9,842,185</u>	<u>29</u>	<u>9,191,066</u>	<u>38</u>
36XX	<b>Non-controlling interests</b>	<u>2,879,152</u>	<u>9</u>	<u>1,387,996</u>	<u>6</u>
	<b>Total equity</b>	<u>12,721,337</u>	<u>38</u>	<u>10,579,062</u>	<u>44</u>
	<b>Total liabilities and equity</b>	<u>\$ 33,195,274</u>	<u>100</u>	<u>24,269,506</u>	<u>100</u>

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated 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	Net sales	\$ 28,048,736	100	22,349,528	100
5000	Cost of sales	<u>(23,377,424)</u>	<u>(83)</u>	<u>(18,491,952)</u>	<u>(83)</u>
	Gross profit	4,671,312	17	3,857,576	17
	Operating expenses :	<u>(6,341)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,664,971</u>	<u>17</u>	<u>3,857,576</u>	<u>17</u>
6100	Selling expenses	(1,327,350)	(5)	(1,205,279)	(5)
6200	Administrative expenses	(902,024)	(3)	(711,176)	(3)
6300	Research and development expenses	<u>(96,171)</u>	<u>(4)</u>	<u>(806,796)</u>	<u>(4)</u>
6000	Total operating expenses	<u>(3,175,545)</u>	<u>(12)</u>	<u>(2,723,251)</u>	<u>(12)</u>
	Operating income	<u>1,489,426</u>	<u>5</u>	<u>1,134,325</u>	<u>5</u>
	Non-operating income and loss :				
7010	Other income	9,382	-	133,248	-
7020	Other gains and losses	217,258	1	(23,222)	-
7050	Finance costs	9,280	-	(66,810)	-
7060	Share of the loss of joint ventures accounted for using the equity method	(75,816)	-	3,268	-
7100	Interest income	<u>4,208</u>	<u>-</u>	<u>43,882</u>	<u>-</u>
	Total non-operating income and loss	<u>164,312</u>	<u>1</u>	<u>90,366</u>	<u>-</u>
7900	Income before income tax	1,653,738	6	1,224,691	5
7950	Income tax expenses	<u>(352,116)</u>	<u>(1)</u>	<u>(271,344)</u>	<u>(1)</u>
8200	Net income	<u>1,301,622</u>	<u>5</u>	<u>953,347</u>	<u>4</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	(6,751)	-	(403)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	71,412	-	316,001	2
8320	Share of other comprehensive income (loss) of associates	17,758	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>1,443</u>	<u>-</u>	<u>96</u>	<u>-</u>
		<u>83,862</u>	<u>-</u>	<u>315,694</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	(79,866)	-	(191,624)	(1)
8370	Share of the other comprehensive income of joint ventures accounted for using the equity method	(4,170)	-	33	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(84,036)</u>	<u>-</u>	<u>(191,591)</u>	<u>(1)</u>
	Other comprehensive income for the year, net of income tax	<u>(174)</u>	<u>-</u>	<u>124,103</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 1,301,448</u>	<u>5</u>	<u>1,077,450</u>	<u>5</u>
	Net income attributable to:				
8610	Shareholders of the Parent	\$ 1,146,533	4	903,785	4
8620	Non-controlling interests	<u>155,089</u>	<u>1</u>	<u>49,562</u>	<u>-</u>
		<u>\$ 1,301,622</u>	<u>5</u>	<u>953,347</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Parent	\$ 1,139,806	4	1,035,195	5
8720	Non-controlling interests	<u>161,642</u>	<u>1</u>	<u>42,255</u>	<u>-</u>
		<u>\$ 1,301,448</u>	<u>5</u>	<u>1,077,450</u>	<u>5</u>
	Earnings per share (in New Taiwan dollars) :				
9750	Basic earnings per share	<u>\$ 4.09</u>		<u>3.23</u>	
9850	Diluted earnings per share	<u>\$ 4.05</u>		<u>3.19</u>	

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to shareholders of the Parent

	Retained earnings						Other components of equity				Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal			
<b>Balance at January 1, 2020</b>	<u>\$ 2,800,000</u>	<u>3,802,120</u>	<u>934,042</u>	<u>366,541</u>	<u>1,270,104</u>	<u>2,570,687</u>	<u>(499,270)</u>	<u>38,323</u>	<u>(31,323)</u>	<u>(492,270)</u>	<u>8,680,537</u>	<u>1,087,054</u>	<u>9,767,591</u>
Net income in 2020	-	-	-	-	903,785	903,785	-	-	-	-	903,785	49,562	953,347
Other comprehensive income in 2020,	-	-	-	-	-	-	(184,481)	316,001	(110)	131,410	131,410	(7,307)	124,103
Total comprehensive income in 2020	-	-	-	-	903,785	903,785	(184,481)	316,001	(110)	131,410	1,035,195	42,255	1,077,450
Appropriation of earnings:													
Legal reserve	-	-	89,995	-	(89,995)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	125,729	(125,729)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(644,000)	(644,000)	-	-	-	-	(644,000)	-	(644,000)
Group reorganization	-	144	-	-	-	-	-	-	-	-	144	(144)	-
Acquisition of subsidiary's additional interest	-	-	-	-	-	-	-	-	-	-	-	(54,247)	(54,247)
Disposal of part of the subsidiary's equity	-	-	-	-	-	-	-	-	-	-	-	115,720	115,720
Differences between consideration and carrying amount of subsidiaries acquired or disposed	-	94,638	-	-	-	-	-	-	-	-	94,638	(94,638)	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	213,486	213,486
Changes in ownership interest in subsidiaries	-	24,552	-	-	-	-	-	-	-	-	24,552	(24,552)	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	23,765	23,765
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	134,000	134,000
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(55,003)	(55,003)
Disposal of subsidiaries' investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	25,747	25,747	-	(25,747)	-	(25,747)	-	-	-
<b>Balance at December 31, 2020</b>	<u>2,800,000</u>	<u>3,802,120</u>	<u>934,042</u>	<u>366,541</u>	<u>1,270,104</u>	<u>2,570,687</u>	<u>(499,270)</u>	<u>38,323</u>	<u>(31,323)</u>	<u>(492,270)</u>	<u>8,680,537</u>	<u>1,087,054</u>	<u>9,767,591</u>
Net income in 2021	-	-	-	-	1,146,533	1,146,533	-	-	-	-	1,146,533	155,089	1,301,622
Other comprehensive income in 2021	-	-	-	-	-	-	(81,392)	80,225	(5,560)	(6,727)	(6,727)	6,553	(174)
Total comprehensive income in 2021	-	-	-	-	1,146,533	1,146,533	(81,392)	80,225	(5,560)	(6,727)	1,139,806	161,642	1,301,448
Appropriation of earnings:													
Legal reserve	-	-	92,953	-	(92,953)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(105,663)	105,663	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	(700,000)	-	-	-	-	(700,000)	-	(700,000)
Acquisition of subsidiary's additional interest	-	-	-	-	-	-	-	-	-	-	-	(480)	(480)
Disposal of part of the subsidiary's equity	-	-	-	-	-	-	-	-	-	-	-	9,800	9,800
Differences between consideration and carrying amount of subsidiaries acquired or disposed	-	7,092	-	-	-	-	-	-	-	-	7,092	(7,092)	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,013,755	1,013,755
Changes in ownership interest in subsidiaries	-	204,221	-	-	-	-	-	-	-	-	204,221	(204,221)	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	12,627	12,627
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	587,399	587,399
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,409)	(1,409)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(80,865)	(80,865)
Disposal of subsidiaries' investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,189	29,189	-	(29,189)	-	(29,189)	-	-	-
<b>Balance at December 31, 2021</b>	<u>\$ 2,800,000</u>	<u>4,132,767</u>	<u>1,116,990</u>	<u>386,607</u>	<u>1,828,344</u>	<u>3,331,941</u>	<u>(765,143)</u>	<u>379,613</u>	<u>(36,993)</u>	<u>(422,523)</u>	<u>9,842,185</u>	<u>2,879,152</u>	<u>12,721,337</u>

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 1,653,738	\$ 1,224,691
<b>Adjustments:</b>		
Adjustments to reconcile profit or loss:		
Depreciation	992,451	764,671
Amortization	101,557	67,608
Expected credit ( gain ) loss	1,163	(3,898)
Interest expense	75,816	66,810
Interest income	(9,382)	(43,882)
Dividend income	(68,070)	(32,152)
Share-based compensation cost	12,627	23,765
Share of gain of joint ventures	(4,208)	(3,268)
Losses ( gains) on disposal and retirement of property, plant and equipment	(862)	3,637
Losses on disposal of investment properties	(1,909)	1,051
Gains on bargain purchase	-	-
Loss on disposal of investments	-	2,217
Impairment loss on property, plant and equipment	6,341	75
	11	-
Gains on lease remeasurement	1,105,535	(67)
Total adjustments to reconcile profit or loss	\$ 1,653,738	846,567
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease ( increase ) in financial assets mandatorily measured at fair value through profit or loss	8,076	(6,670)
Decrease ( increase ) in notes and accounts receivable	(679,354)	(785,511)
Decrease ( increase ) in accounts receivable from related parties	(13,830)	(69,076)
Decrease ( increase ) in other receivable	108,793	(18,894)
Decrease ( increase ) in inventories	(3,899,968)	(1,169,552)
Decrease ( increase ) in prepayments and other current assets	(163,960)	(101,064)
Total changes in operating assets	(4,640,243)	(2,150,767)
Changes in operating liabilities:		
Increase in financial liabilities for hedging	(5)	28
Increase ( decrease ) in notes and accounts payable	634,346	1,367,934
Increase ( decrease ) in other payables	269,906	207,815
Increase ( decrease ) in provisions	11,339	12,808
Decrease in other current liabilities	148,131	(180,382)
Decrease in net defined benefit liability	(7,603)	(6,984)
Total changes in operating liabilities	1,056,114	1,401,219
Total changes in operating assets and liabilities	(3,584,129)	(749,548)
<b>Total adjustments</b>	(2,478,594)	97,019
Cash inflow generated from operations	(824,856)	1,321,710
Interest received	9,440	46,783
Interest paid	(73,481)	(67,071)
Income taxes paid	(223,750)	(201,379)
<b>Net cash provided by operating activities</b>	(1,112,647)	1,100,043

(Continued)

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

**DARFON ELECTRONICS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	(321,953)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	56,095	59,978
Purchase of financial assets at amortized cost	(47,773)	(500)
Proceeds from repayments of financial assets at amortized cost	45,773	731,586
Purchase of financial assets at fair value through profit or loss	(800,530)	(1,187,116)
Proceeds from disposal of financial assets at fair value through profit or loss	789,325	1,089,660
Purchase of investments accounted for using equity method	-	(13,333)
Net cash outflow arising from acquisition of subsidiaries	(159,469)	(90,159)
Additions to property, plant and equipment (including prepayments for equipment)	(1,787,561)	(991,847)
Proceeds from disposal of property, plant and equipment	10,425	27,004
Decrease ( increase ) in refundable deposits	(7,701)	116,467
Additions to intangible assets	(23,200)	(16,030)
Additions to right-of-use assets	(8,736)	(21,736)
Additions to investment properties	(100)	-
Proceeds from disposal of investment properties	26,209	63,252
Increase in other non-current assets	(126,500)	(174,592)
Dividends received	68,070	32,152
<b>Net cash flows used in investing activities</b>	<u>(2,287,626)</u>	<u>(375,214)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	2,540,890	35,901
Increase in short-term notes and bills payable	-	439,732
Decrease in short-term notes and bills payable	(439,721)	(200,000)
Increase in long-term borrowings	2,020,000	1,040,000
Repayments of long-term borrowings	(12,713)	(446,418)
Payments of lease liabilities	(106,918)	(88,248)
Increase ( decrease ) in other non-current liabilities	85,818	8,698
Cash dividends distributed to shareholders	(700,000)	(644,000)
Cash dividends paid to non-controlling interests by subsidiaries	(80,865)	(55,003)
Additions to interests in subsidiaries	(480)	(54,247)
Disposal of ownership interests in subsidiaries (without losing control)	9,800	115,720
Capital injection from non-controlling interests	587,399	134,300
<b>Net cash provided by financing activities</b>	<u>3,903,210</u>	<u>286,435</u>
<b>Effects of exchange rate changes</b>	<u>(60,417)</u>	<u>(131,051)</u>
<b>Net increase in cash and cash equivalents</b>	442,520	880,213
<b>Cash and cash equivalents at beginning of year</b>	<u>2,602,683</u>	<u>1,722,470</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 3,045,203</u></u>	<u><u>\$ 2,602,683</u></u>

## Independent Auditors Report

To the Board of Directors of Darfon Electronics Corp.:

### Audit Opinion

We have audited the parent-company-only financial statements of Darfon Electronics Corp. (the“Company”), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the company as of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit 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 Auditor’s 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Valuation of inventories:

Please refer to notes 4(g) for the accounting policies on measuring inventory, notes 5(a) for assumptions used and uncertainties considered in determining net realizable value, and notes 6(e) for the disclosure of the amounts of inventory write-downs, of the parent-company-only financial statements.

#### **Description of key audit matter:**

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology, the Company's stocks for products may become obsolete and product price may decline rapidly. Furthermore, the stocks for products may exceed customers' demands thus becoming obsolete. These factors result in a risk where in the carrying amount of inventory may exceed its net realizable value. Particularly, the estimation of net realizable value requires the management's subjective judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

#### **How the matter was addressed in our audit:**

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of inventory aging; evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates of inventory provisions.



## **2. Investment in the subsidiaries**

Please refer to notes 4(i) and 6(f) for the accounting policy on business combination, and “Investment in the subsidiaries” for the related disclosure, respectively, of the notes to the parent-company-only financial statements.

### **Description of key audit matter:**

In 2021 the Company acquired 51.00% ownership of Astro Tech Co., Ltd.(ATC), wherein the Company is able to exercise control over it. To adopt the accounting treatment of business combination, the management needs to determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, investment in the subsidiaries has been identified as one of the key audit matters.

### **How the matter was addressed in our audit:**

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with valuation on intangible assets conducted by an external expert engaged by the management; and evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

## **3. Impairment of goodwill included in the carrying amount of investment in the subsidiaries**

Please refer to notes 4(m) for the accounting policy on impairment of non-financial assets, notes 5(b) for the estimation uncertainty of impairment of goodwill, and 6(f) for related disclosures of impairment test of goodwill, of the parent-company-only financial statements.

### **Description of key audit matter:**

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method. Goodwill is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill from cash generating units involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

### **How the matter was addressed in our audit:**

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of impairment of goodwill provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions; and assessing the adequacy of the Company's disclosures with respect to the related information on goodwill impairment.

## **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 the 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 members of 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 exercised professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identified and assessed 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. Obtained 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. Concluded 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. Evaluated 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. Obtained sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit opinion.

We also provided 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 determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 Huei-Chen Chang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2022

#### Notice 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers. 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' 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 version and Chinese version, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**DARFON ELECTRONICS CORP.**

**Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars)**

Assets	2021.12.31		2020.12.31		
	Amount	%	Amount	%	
<b>Current assets:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 64,900	-	219,846	1
1110	Financial assets at fair value through profit or loss — current(note 6(b))	1,203	-	8,571	-
1170	Notes and accounts receivable, net (notes 6(d) and (p))	5,465,122	23	4,733,757	24
1180	Accounts receivable from related parties (notes 6(d) & (p) and 7)	1,612,017	7	1,353,352	7
130X	Inventories (note 6(e))	1,400,176	6	1,336,386	7
1470	Prepayments and other current assets	91,971	1	106,058	-
	<b>Total current assets</b>	<b>8,635,389</b>	<b>37</b>	<b>7,757,970</b>	<b>39</b>
<b>Non-current assets:</b>					
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(c))	1,213,707	5	1,058,383	5
1550	Investments accounted for using equity method (note 6(f) and 7)	10,646,474	45	8,282,166	41
1600	Property, plant and equipment (notes 6(g) 、 7 and 8)	2,746,869	12	2,635,063	13
1840	Deferred income tax assets ((notes 6(m))	103,068	-	154,831	1
1915	Prepayments for equipment	181,050	1	30,842	-
1920	Refundable deposits	1,080	-	1,483	-
1990	Other non-current assets (note 6(f))	1,647	-	180,920	1
	<b>Total non-current assets</b>	<b>14,893,895</b>	<b>63</b>	<b>12,343,688</b>	<b>61</b>
	<b>Total assets</b>	<b>\$ 23,529,284</b>	<b>100</b>	<b>20,101,658</b>	<b>100</b>

(Continued)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**DARFON ELECTRONICS CORP.**

**Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars)**

<b>Liabilities and Equity</b>		<b>2021.12.31</b>		<b>2020.12.31</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current liabilities :</b>					
2100	Short-term borrowings (note 6(h))	\$ 2,222,548	9	1,540,000	8
2110	Short-term notes and bills payable (note 6(i))	-	-	439,721	2
2170	Notes and accounts payable	360,918	2	343,533	2
2180	Accounts payable - related parties (note 7)	5,768,066	25	5,343,545	26
2200	Other payables (notes 6(q) and 7)	1,320,430	6	1,175,177	6
2250	Provision-current (note 6(k))	79,089	-	79,039	-
2300	Other current liabilities (note 6(p))	255,668	1	332,496	2
<b>Total current liabilities</b>		<b>10,006,719</b>	<b>43</b>	<b>9,253,511</b>	<b>46</b>
<b>Non-current liabilities :</b>					
2540	Long-term debt (notes 6(j) and 8)	3,620,000	15	1,600,000	8
2640	Net defined benefit liability - non-current (note 6(l))	59,601	-	56,165	-
2670	Other non-current liabilities	779	-	916	-
<b>Total non-current liabilities</b>		<b>3,680,380</b>	<b>15</b>	<b>1,657,081</b>	<b>8</b>
<b>Total liabilities</b>		<b>13,687,099</b>	<b>58</b>	<b>10,910,592</b>	<b>54</b>
<b>Equity (note 6(f)and(n)) :</b>					
3110	Common stock	2,800,000	12	2,800,000	14
3200	Capital surplus	4,132,767	18	3,921,454	20
Retained earnings:					
3310	Legal reserve	1,116,990	5	1,024,037	5
3320	Special reserve	386,607	1	492,270	2
3350	Unappropriated earnings	1,828,344	8	1,339,912	7
		<b>3,331,941</b>	<b>14</b>	<b>2,856,219</b>	<b>14</b>
<b>Other Equity :</b>					
3410	Foreign currency translation differences	(765,143)	(4)	(683,751)	(4)
3420	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	379,613	2	328,577	2
3445	Remeasurement of defined benefit	(36,993)	-	(31,433)	-
		<b>(422,523)</b>	<b>(2)</b>	<b>(386,607)</b>	<b>(2)</b>
<b>Total equity</b>		<b>9,842,185</b>	<b>42</b>	<b>9,191,066</b>	<b>46</b>
<b>Total liabilities and equity</b>		<b>\$ 23,529,284</b>	<b>100</b>	<b>20,101,658</b>	<b>100</b>

**DARFON ELECTRONICS CORP.****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 Net sales (notes 6(p) and 7)	\$ 17,702,426	100	15,056,289	100
5000 Costs of sales (note 6(e), (g), (k), (l) & (q), 7 and 12)	(15,782,173)	(89)	(13,068,948)	(87)
5900 Gross profit	1,920,253	11	1,987,341	13
5910 Less: Unrealized (realized) profit on sales	(67,519)	(1)	(54,766)	-
5950 Realized gross profit	1,852,734	10	1,932,575	13
6000 Operating Expenses (notes 6(g), (l), & (q), 7 and 12)				
6100 Selling expenses	(436,720)	(2)	(546,710)	(4)
6200 Administrative expenses	(332,169)	(2)	(358,335)	(2)
6300 Research and development expenses	(505,952)	(3)	(511,006)	(4)
6000 Total operating expenses	(1,274,841)	(7)	(1,416,051)	(10)
6900 Operating income	577,893	3	516,524	3
7000 Non-operating income and expenses (Notes 6(f), (g) & (r) and 7)				
7100 Interest income	172	-	1,401	-
7010 Other income	72,452	-	49,264	-
7020 Other gains and losses	(20,245)	-	67,376	1
7050 Financial Costs	(45,912)	-	(34,451)	-
7070 Share of the profit of subsidiaries accounted for using equity method	690,925	4	450,315	3
Total non-operating income and loss	697,392	4	533,905	4
7900 Income before income tax	1,275,285	7	1,050,429	7
7950 Income tax expenses (note 6(m))	(128,752)	(1)	(146,644)	(1)
8200 Net income	1,146,533	6	903,785	6
Other comprehensive income (note 6(l), (m) & (n)):				
8310 Items that will not be reclassified subsequently to profit or loss:				
8311 Remeasurements of defined benefit plans	(7,216)	-	(55)	-
8316 Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	58,339	-	279,676	2
8330 Share of the other comprehensive income of subsidiaries accounted for using equity method	22,099	-	36,259	-
8349 Income tax related to items that will not be reclassified subsequently to profit or loss	1,443	-	11	-
	74,665	-	315,891	2
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operations	(74,547)	-	(174,772)	(1)
8380 Share of the other comprehensive income of subsidiaries and joint ventures accounted for using equity method	(6,845)	-	(9,709)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	(81,392)	-	(184,481)	(1)
Other comprehensive income (loss) for the year, net of income tax	(6,727)	-	131,410	1
8500 Total comprehensive income for the year	\$ 1,139,806	6	1,035,195	7
Earnings per share (in New Taiwan dollars) (note 6(o))				
9750 Basic earnings per share	\$ 4.09		3.23	
9850 Diluted earnings per share	\$ 4.05		3.19	

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**DARFON ELECTRONICS CORP.**

**Statement of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars)**

	Retained Earnings					Other equity				Total equity	
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency Translation Differences	Unrealized gains (losses) from financial asset at fair value through other comprehensive income	Remeasurements of defined benefit plans		Subtotal
<b>Balance at January 1, 2020</b>	\$ 2,800,000	3,802,120	934,042	366,541	1,270,104	2,570,687	(499,270)	38,323	(31,323)	(492,270)	8,680,537
Net income	-	-	-	-	903,785	903,785	-	-	-	-	903,785
Other comprehensive income	-	-	-	-	-	-	(184,481)	316,001	(110)	131,410	131,410
Total comprehensive income	-	-	-	-	903,785	903,785	(184,481)	316,001	(110)	131,410	1,035,195
Appropriation of earnings:											
Legal reserve	-	-	89,995	-	(89,995)	-	-	-	-	-	-
Special reserve	-	-	-	125,729	(125,729)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(644,000)	(644,000)	-	-	-	-	(644,000)
Organizational restructuring	-	144	-	-	-	-	-	-	-	-	144
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	94,638	-	-	-	-	-	-	-	-	94,638
Changes in ownership interest in subsidiaries	-	24,552	-	-	-	-	-	-	-	-	24,552
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	25,747	25,747	-	(25,747)	-	(25,747)	-
<b>Balance on December 31, 2020</b>	<b>2,800,000</b>	<b>3,921,454</b>	<b>1,024,037</b>	<b>492,270</b>	<b>1,339,912</b>	<b>2,856,219</b>	<b>(683,751)</b>	<b>328,577</b>	<b>(31,433)</b>	<b>(386,607)</b>	<b>9,191,066</b>
Net income	-	-	-	-	1,146,533	1,146,533	-	-	-	-	1,146,533
Other comprehensive income	-	-	-	-	-	-	(81,392)	80,225	(5,560)	(6,727)	(6,727)
Total comprehensive income	-	-	-	-	1,146,533	1,146,533	(81,392)	80,225	(5,560)	(6,727)	1,139,806
Appropriation of earnings:											
Legal reserve	-	-	92,953	-	(92,953)	-	-	-	-	-	-
Special reserve	-	-	-	(105,663)	105,663	-	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	(700,000)	-	-	-	-	(700,000)
Difference between consideration and carrying amount of subsidiaries acquired	-	7,092	-	-	-	-	-	-	-	-	7,092
Changes in ownership interest in subsidiaries	-	204,221	-	-	-	-	-	-	-	-	204,221
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,189	29,189	-	(29,189)	-	(29,189)	-
<b>Balance on December 31, 2021</b>	<b>\$ 2,800,000</b>	<b>4,132,767</b>	<b>1,116,990</b>	<b>386,607</b>	<b>1,828,344</b>	<b>3,331,941</b>	<b>(765,143)</b>	<b>379,613</b>	<b>(36,993)</b>	<b>(422,523)</b>	<b>9,842,185</b>

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

DARFON ELECTRONICS CORP.

Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities :</b>		
Income before income tax	\$ 1,275,286	1,050,429
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit or (loss) :</b>		
Depreciation	197,590	167,988
Amortization	2,211	12,200
Interest expense	45,912	34,451
Interest income	(172)	(1,401)
Dividend income	(54,839)	(27,419)
Employees' compensation from subsidiaries	3,468	11,567
Share of the profit of subsidiaries accounted for using equity method	(690,925)	(450,315)
Gains on disposal and retirement of property, plant, equipment and intangible assets	(4,900)	(7,817)
Impairment losses on property, plant and equipment	172	-
Unrealized (realized) profit from sales	67,519	54,766
Total adjustments to reconcile profit (loss)	<u>(433,964)</u>	<u>(205,980)</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in financial assets at fair value through profit or loss	7,368	(5,901)
Increase in notes and accounts receivable	(731,365)	(1,146,276)
Increase in accounts receivable from related parties	(258,665)	(555,466)
Increase in inventories	(63,790)	(339,068)
Decrease (increase) in prepayments and other current assets	14,087	(19,036)
Total changes in operating assets	<u>(1,032,365)</u>	<u>(2,065,747)</u>
Change in operating liabilities :		
Increase (decrease) in notes and accounts payable	17,385	(14,232)
Increase in accounts payable to related parties	424,521	1,544,448
Increase in other payable	175,641	75,169
Increase in provisions	50	11,456
Decrease in other current liability	(76,802)	(170,323)
Decrease in net defined benefit liability	(3,780)	(6,075)
Total change in operating liabilities	<u>537,015</u>	<u>1,440,443</u>
Total changes in operating assets and liabilities	<u>(495,350)</u>	<u>(625,304)</u>
<b>Total adjustment</b>	<u>(929,314)</u>	<u>(831,284)</u>
Cash inflow generated from operations	345,972	219,145
Interest received	172	1,401
Interest paid	(45,190)	(34,591)
Income tax paid	(113,370)	(66,344)
<b>Net cash provided by operating activities</b>	<u>187,584</u>	<u>119,611</u>



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DARFON ELECTRONICS CORP.

Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities :</b>		
Purchase of financial assets at amortized cost	(96,985)	-
Proceeds from redemption of financial assets at amortized cost	-	224,857
Purchase of investments accounted for using equity method	(1,675,330)	(494,561)
Disposal of investments accounted for using equity method	9,800	70,696
Proceed from capital reduction of equity-accounted investees	120,249	827,382
Additions to property, plant and equipment (including prepayments for equipment)	(454,247)	(467,415)
Proceeds from disposal of property, plant and equipment	1,543	1,178
Decrease in refundable deposits	403	122,495
Disposal of intangible assets	-	28,062
Increase in other non-current assets	-	(176,897)
Dividends received	189,373	107,490
<b>Net cash flows provided by (used in) investing activities</b>	<u>(1,905,194)</u>	<u>243,287</u>
<b>Cash flows from financing activities :</b>		
Increase ( decrease ) in short-term borrowings	682,548	(460,000)
Increase in short-term notes and bills payable	-	439,732
Decrease in short-term notes and bills payable	(439,721)	(200,000)
Increase in long-term debt	2,020,000	1,040,000
Repayments of long-term debt	-	(440,000)
Payments of lease liabilities	(163)	(592)
Increase in other non-current liabilities	-	428
Cash dividends distributed to shareholders	(700,000)	(644,000)
<b>Net cash flows provided by (used in) financing activities</b>	<u>1,562,664</u>	<u>(264,432)</u>
<b>Net increase in cash and cash equivalents</b>	(154,946)	98,466
<b>Cash and cash equivalents at beginning of year</b>	<u>219,846</u>	<u>121,380</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 64,900</b></u>	<u><b>219,846</b></u>

**DARFON ELECTRONICS CORP.**  
**2021 Earnings Distribution Table**

( Unit: NTD \$ )

Items	Amount
<b>Unappropriated retained earnings of prior years</b>	652,622,127
Add: Net profit after tax	1,146,532,680
Add: Disposal of investments in equity instruments designated at fair value through other comprehensive income	29,189,400
Less: 10% provisioned as legal reserve	(117,572,208)
Less: provisioned as special reserve	(35,915,989)
<b>Distributable net profit</b>	<b>1,674,856,010</b>
Distributable item:	
Cash dividends to common shareholders	(840,000,003)
<b>Unappropriated retained earnings</b>	<b>834,856,007</b>
Notes: The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar. Amounts less than one whole NT dollar are rounded-down to the nearest NT dollar. The aggregate unpaid cash dividend resulting from the above rounded-down, will be distributed to shareholders in the descending order of decimal point and the ascending order of shareholder account numbers, until the total amount of the approved cash dividend has been fully distributed.	

**DARFON ELECTRONICS CORP.**  
**Comparison table for the Articles of Incorporation before and after amendment**

Article No	Before amendment	After amendment	Reason for Amendments
Article 10	Shareholders' meetings shall be of two types, ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary.	Shareholders' meetings shall be of two types, ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary.  <u>Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	amend according to laws and regulations
Article 22	These Articles of Incorporation were enacted on April 30, 1997.  (omitted)  The twenty-second amendment was made on June 18, 2020.	These Articles of Incorporation were enacted on April 30, 1997.  (omitted)  The twenty-second amendment was made on June 18, 2020.  The twenty-second amendment was made on June 18, 2020.  <u>The twenty-third amendment was made on June 16, 2022.</u>	added amendment date

## DARFON ELECTRONICS CORP.

### Articles of Incorporation

#### Chapter 1: General Provisions

- Article 1 The Company is organized as a company limited by shares in accordance with the Company Act of the Republic of China (the "Company Act") and the Company's English name is DARFON ELECTRONICS CORP.
- Article 2 The lines of business of the Company shall include the following:
- CA05010 Powder Metallurgy
  - CC01110 Computer and Peripheral Equipment Manufacturing
  - CC01060 Wired Communication Mechanical Equipment Manufacturing
  - CC01070 Wireless Communication Mechanical Equipment Manufacturing
  - CC01080 Electronics Components Manufacturing
  - CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
  - CQ01010 Mold and Die Manufacturing
  - CC01040 Lighting Equipment Manufacturing
  - F113050 Wholesale of Computers and Clerical Machinery Equipment
  - F119010 Wholesale of Electronic Materials
  - F401010 International Trade
  - I103060 Management Consulting
  - CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
  - F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import
  - CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
  - F113020 Wholesale of Electrical Appliances
  - IG03010 Energy Technical Services
  - D101060 self-usage power generation equipment utilizing renewable energy industry
  - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may provide guarantees or endorsements on behalf of third parties due to business or investment relationships with such third parties.
- Article 4 The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act.
- Article 5 The head office of the Company shall be in Taoyuan, Taiwan, the Republic of China ("R.O.C."). Subject to the approval of the Board and other relevant authorities, the Company may, if necessary, set up branches or business offices at other appropriate place.
- Article 6 The company's announcement method is in accordance with the provisions of Article 28 of the Company Act.

#### Chapter 2: Shares

- Article 7 The company's total capital is rated at NT \$ 4.5 billion, divided into 450 million shares at NT \$ 10 per share. The council decided to issue in batches. 15 million shares are reserved in the aforementioned total shares as shares for issuing employee stock option certificates. The company may issue employee stock options at a stock price lower than the market price, or less than the actual share repurchase, with the consent of the shareholders' meeting representing more than half of the total number of issued shares and the presence of more than two-thirds of the shareholders' voting rights. Average price transferred to employees.

- Article 7-1 Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive treasury stock purchased by the Company. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive share subscription warrant of the Company. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive new shares issued by the Company. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive restricted stock.
- Article 8 The share certificates of the Company shall be all in registered form. The share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance.
- The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities.
- Article 9 The name change and transfer of the company's stocks shall cease within 60 days before the shareholders ' general meeting, within 30 days before the shareholders' temporary meeting or within 5 days before the company's decision to distribute dividends and dividends or other benefits.

### **Chapter 3: Shareholders' Meetings**

- Article 10 Shareholders' meetings shall be of two types, ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary.
- Article 11 Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf.
- Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The relevant matters related to the use and rescission of the proxy shall be conducted in accordance with the Company Act and applicable rules.

### **Chapter 4 Directors and Audit Committees**

- Article 12 Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings. The independent directors are selected by the shareholders' meeting on the list of independent director candidates. The professional qualifications, shareholding, part-time restrictions, nomination and selection methods of the independent directors and other matters to be complied with shall be handled in accordance with relevant laws. The voting rights of shareholders shall have one voting right per share, unless otherwise provided by laws and regulations.
- Article 12-1 The Company may take out liability insurance for the directors with respect to the liabilities resulting from exercising their duties during their terms of office. The Board is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.
- Article 13 The Company shall have seven to nine directors. Within the entire Board, the Company shall have at least three independent directors on the Board. The shareholders' meeting shall elect the directors from among the nominees listed in the roster of director candidates. The term of office for all directors shall be three (3) years. The directors are eligible for re-election. The total shares held by the entire body of either directors shall not be less than a specified percentage in

accordance with the regulation prescribed by the Competent Authority.

Article 13-1 The Company shall set up the Audit Committee organized by all of the independent directors in accordance with the Securities and Exchange Act. The composition of the audit committee, duties, rules of meeting procedure and other compliance matters shall comply with the regulations prescribed by the securities supervisory authorities.

Article 14 The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the Company.

Article 15 Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act. Each director may act as a proxy for one other director only.  
The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

#### **Chapter 5 Managerial Officer**

Article 16 The Company may appoint a multiple number of managerial officers whose appointment, dismissal and compensations shall be conducted in accordance with the Company Act.

#### **Chapter 6 Accounting**

Article 17 The company's fiscal year is from January 1 to December 31 of the same year.

Article 18 After the end of each fiscal year, the Board shall prepare and submit the following documents: (1) business report, (2) financial statements, (3) proposal for allocation of earnings or recovery of loss, which shall be submitted to the audit committee for verification 30 days before the shareholders' meeting. The audit committee issued a report to the shareholders' general meeting for approval.

Article 19 Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%-20% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration.  
The Company may allocate employee's remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of parent company or subsidiary meeting certain conditions. The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method. The distribution of earnings in the preceding paragraph is distributed in the form of cash, the distribution may be approved by the Board of Directors and reported to the shareholders' meeting.

Article 19-1 Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve and certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulation. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed by the Board and approved by the shareholders' meeting.

When the legal reserve and capital surplus are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with the Company Act and reported to the shareholders' meeting.

The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act. Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Article 20 The Company is in a technology-intensive and capital-intensive technology industry at a developing stage coordinating with long-term capital planning and taking into account the shareholders' cash flow requirement, the Company's dividend policy is to pay dividends from surplus considering factors to improve the growth and sustainable operation of the

Company. If there is distributable net profit more than 2% of the paid-in capital, the ratio for cash dividends shall not be less than 10% of total distribution. If it is less than 2%, the Company might not distribute dividends

#### **Chapter 7: Supplementary Articles**

- Article 21 With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.
- Article 22 These Articles of Incorporation were enacted by the incorporators in the incorporators meeting held on April 30, 1997 and were effectively approved by the competent authority.
- The first amendment was made on March 4, 1998.
- The second amendment was made on April 29, 1999.
- The third amendment was made on June 14, 1999.
- The fourth amendment was made on March 29, 2000.
- The fifth amendment was made on October 11, 2000.
- The sixth amendment was made on March 8, 2001.
- The seventh amendment was made on April 10, 2001.
- The eighth amendment was made on April 19, 2002
- The ninth amendment was made on May 8, 2003.
- The tenth amendment was made on April 27, 2005.
- The eleventh amendment was made on May 11, 2006.
- The twelfth amendment was made on October 2, 2006.
- The thirteenth amendment was made on May 15, 2007.
- The fourteenth amendment was made on May 27, 2008.
- The fifteenth amendment was made on June 10, 2009.
- The sixteenth amendment was made on June 9, 2010.
- The seventeen amendment was made on June 15, 2011.
- The eighteenth amendment was made on June 21, 2012.
- The nineteenth amendment was made on June 24, 2015.
- The twentieth amendment was made on June 17, 2016.
- The twenty-first amendment was made on June 13, 2019.
- The twenty-second amendment was made on June 18, 2020.

**DARFON ELECTRONICS CORP.**  
**Comparison table for the Handling Procedures for Acquisition or Disposal of Assets**  
**before and after amendment**

Article No	Before amendment	After amendment	Reason for Amendments
Article 4	<p>Public Disclosure of Information</p> <p>1. Under any of the following circumstances, the Company and its subsidiaries acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(omitted)</p> <p>(f) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT \$300 million; provided, this shall not apply to the following circumstances:</p> <p>(i) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(ii) Trading of domestic government bonds</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1) The amount of any individual transaction.</p> <p>2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Where any of the following circumstances occurs with respect to a transaction that the Company has</p>	<p>Public Disclosure of Information</p> <p>1. Under any of the following circumstances, the Company and its subsidiaries acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(omitted)</p> <p>(f) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT \$300 million; provided, this shall not apply to the following circumstances:</p> <p>(i) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(ii) Trading of domestic government bonds <u>or a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC.</u></p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(a) The amount of any individual transaction.</p> <p>(b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(c) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(d) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has</p>	<p>amend according to laws and regulations and adjust reference line</p>



Article No	Before amendment	After amendment	Reason for Amendments
	<p>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 within 2 days counting inclusively from the date of occurrence of the event change, termination, or rescission of a contract signed in regard to the original transaction; the merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract ;and change to the originally publicly announced and reported information.</p> <p><del>3.</del>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 date 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.</p> <p><del>4.</del>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 two days counting inclusively from the date of knowing of such error or omission.</p>	<p>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 within 2 days counting inclusively from the date of occurrence of the event change, termination, or rescission of a contract signed in regard to the original transaction; the merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract ;and change to the originally publicly announced and reported information.</p> <p><u>4.</u>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 date 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.</p> <p><u>5.</u>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 two days counting inclusively from the date of knowing of such error or omission.</p>	
Article 5	<p>Acquiring or disposing of real property, equipment, or right-of-use assets shall obtain an appraisal report</p> <p>1.In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, our 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 or right-of-use assets thereof held for business use, 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:</p> <p>(omitted)</p> <p>(c)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the</p>	<p>Acquiring or disposing of real property, equipment, or right-of-use assets shall obtain an appraisal report</p> <p>1.In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, our 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 or right-of-use assets thereof held for business use, 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:</p> <p>(omitted)</p> <p>(c)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the</p>	amend according to laws and regulations

Article No	Before amendment	After amendment	Reason for Amendments
	<p>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 <del>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</del> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(omitted)</p>	<p>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 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(omitted)</p>	
Article 6	<p>The CPA's opinion shall be obtained for acquisition or disposal of securities, membership and intangible assets or right-of-use assets thereof</p> <p>1.A Company acquiring or disposing of securities 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. <del>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del> 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 (FSC).</p> <p>2.Where the Company acquires or disposes of intangible assets or right-of-use assets thereof 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</p>	<p>The CPA's opinion shall be obtained for acquisition or disposal of securities, membership and intangible assets or right-of-use assets thereof</p> <p>1. A Company acquiring or disposing of securities 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 (FSC).</p> <p>2. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof 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</p>	<p>amend according to laws and regulations</p>

Article No	Before amendment	After amendment	Reason for Amendments
	<p>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; <del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDE.</del></p> <p>(omitted)</p>	<p>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.</p> <p>(omitted)</p>	
Article 7	<p>Excluding related party</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <del>auditing</del> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <del>comprehensiveness, accuracy,</del> and reasonableness of the sources of data used the parameters and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <del>and accurate,</del> and that they have complied with applicable laws and regulations.</li> </ol>	<p>Excluding related party</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the principle of trade union and</u> the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <del>auditing</del> <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used the parameters and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>appropriate,</u> and that they have complied with applicable laws and regulations.</li> </ol>	<p>amend according to laws and regulations</p>

Article No	Before amendment	After amendment	Reason for Amendments
Article 9	<p>Related person transactions (omitted)</p> <p>2. When a Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 redemption 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 recognized by the audit committee and approved by the board of directors. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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. Where an audit committee has been established in accordance with the provisions of the Act, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 15.</p>	<p>Related person transactions (omitted)</p> <p>2. When a Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 redemption 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 recognized by the audit committee and approved by the board of directors. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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. Where an audit committee has been established in accordance with the provisions of the Act, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 15.</p>	<p>amend according to laws and regulations</p>

Article No	Before amendment	After amendment	Reason for Amendments
	<p>(omitted)</p> <p>(g) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to the procedures shall be made in accordance with Article 4, 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 approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <p>(omitted)</p>	<p>(omitted)</p> <p>(g) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>With respect to the types of transactions, acquisition or disposal of equipment or right-of-use assets thereof held for business use and real property right-of-use assets held for business use, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Chairman may decide such matters when the transaction is within NT\$300 million and have the decisions subsequently submitted to the next Audit Committee and Board of Directors' Meeting for ratification.</u></p> <p><u>When the Company engages in any acquisition or disposal of assets from any subsidiaries that are not domestic public companies and the transaction amount reaches 10% or more of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the shareholders' meeting.</u></p> <p><u>However, the transactions of Company and its subsidiaries or between its subsidiaries shall not apply.</u></p> <p>The calculation of the transaction amounts referred to the procedures shall be made in accordance with Article 4, 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 approved by <u>the shareholders' meeting</u> the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <p>(omitted)</p>	

Article No	Before amendment	After amendment	Reason for Amendments																																																														
Article 16	<p>(omitted)</p> <p>Our Company sets limits on total and individual amounts of securities and total amounts of real property and right-of-use assets acquired for non-business use by the Company and each subsidiary.</p> <p>The authority matrix of Procedures for Acquisition or Disposal of Assets is as below :</p> <table border="1" data-bbox="320 459 1151 1182"> <thead> <tr> <th>Asset Item</th> <th>Approval Personnel</th> <th>Approval and Decision</th> <th>Total Amount of Investment</th> <th>Limits for Individual Investment</th> </tr> </thead> <tbody> <tr> <td>Real estate and right-of-use assets for non-operating purpose</td> <td>Board of Directors</td> <td><del>All should be approved by BOD.</del></td> <td>30% of net equity</td> <td>15% of net equity</td> </tr> <tr> <td>Equity investment</td> <td>Board of Directors Chairman</td> <td><del>Above NT\$100,000,000 Under NT\$100,000,000 (incl.)</del></td> <td>net equity</td> <td>50% of net equity</td> </tr> <tr> <td>Long-term 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Equity investment	Board of Directors Chairman	<del>Above NT\$100million Under NT\$100million (incl.)</del>	net equity	50% of net equity	Long-term Guaranteed or Collateralized Bonds	Chairman President	<del>Above NT\$100million Under NT\$100million (incl.)</del>	30% of net equity	15% of net equity	Short-term bonds and money market fund	President CFO	<del>Above NT\$100million Under NT\$100million (incl.)</del>	30% of net equity	15% of net equity	Other securities	Chairman President	<del>Above NT\$50million Under NT\$50million (incl.)</del>	10% of net equity	5% of net equity	<p>amend according to laws and regulations</p>
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<b>Article No</b>	<b>Before amendment</b>	<b>After amendment</b>	<b>Reason for Amendments</b>
Article 17	<p>The Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 8th amended was made on June 13, 2019.</p>	<p>The Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 8th amended was made on June 13, 2019.</p> <p><u>The 9th amended was made on June 16, 2022.</u></p>	<p>added amendment date</p>

**DARFON ELECTRONICS CORP.**  
**Comparison Table for the Handling Procedures for Conducting Derivative Transactions**  
**before and after amendment**

Article No	Before amendment	After amendment	Reason of amendment
Article 2	<p>Scope of Application (type of transaction )</p> <p>(1) The categories of derivatives trading used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products or hybrid contracts, whose value is derived from <del>assets, interest rate, foreign exchange rate, index of prices or rates or other interest of commodity price.</del> The margin trading shall also follow it as mentioned above.</p> <p>(omitted)</p>	<p>Scope of Application (type of transaction)</p> <p>(1) The categories of derivatives trading used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products or <u>hybrid contracts or structured products containing embedded derivatives</u>, whose value is derived from <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable.</u> The margin trading shall also follow it as mentioned above.</p> <p>(omitted)</p>	amend according to laws and regulations
Article 7	<p>Operating procedures</p> <p>(omitted)</p> <p>5. Transaction</p> <p>(1) Trading partners: domestic and foreign financial institutions, <del>otherwise, it should be approved by the top decision making supervisor of the financial department.</del></p> <p>(omitted)</p>	<p>Operating procedures</p> <p>(omitted)</p> <p>5. Transaction</p> <p>(1) Trading partners: domestic and foreign financial institutions.</p> <p>(omitted)</p>	amend according to actual need
Article 10	<p>Internal Control</p> <p>1. Risk management measures</p> <p>(1) Credit risk management: trading partners limited to domestic and foreign financial institutions. <del>Otherwise, it should be approved by the top decision making supervisor of the financial department.</del></p> <p>(omitted)</p>	<p>Internal Control</p> <p>1. Risk management measures</p> <p>(1) Credit risk management: trading partners limited to domestic and foreign financial institutions.</p> <p>(omitted)</p>	amend according to actual need
Article 14	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this <del>operating</del> procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	amend according to actual need
Article 15	<p>Others</p> <p>1. "Subsidiaries" as used in the Procedures should mean the subsidiaries as defined in the <del>No.5 and No.7 of the Financial Accounting Standards Bulletin by Accounting Research and Development Foundation.</del></p> <p>(omitted)</p>	<p>Others</p> <p>1. "Subsidiaries" as used in the Procedures should mean the subsidiaries as defined in the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>(omitted)</p>	amend according to laws and regulations
Article 16	<p>The Procedures were adopted on February 1, 1998.</p> <p>(omitted)</p> <p>The 5th amendment was made on June 9, 2010.</p> <p>The 6th amendment was made on June 24, 2015.</p>	<p>The Procedures were adopted on February 1, 1998.</p> <p>(omitted)</p> <p>The 5th amendment was made on June 9, 2010.</p> <p>The 6th amendment was made on June 24, 2015.</p> <p><u>The 7th amendment was made on June 16, 2022.</u></p>	added amendment date



**DARFON ELECTRONICS CORP.**  
**Comparison table for the Handling Procedures for Lending Funds to Other Parties**  
**before and after amendment**

Article No	Before amendment	After amendment	Reason for Amendments
Article 3	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower (omitted)</p> <p>2. The limit of fund- lending to the same party shall be respectively specified based on the considerations as follows:</p> <p>(1) The amount of an individual loan granted by the Company to a company or business with business relationship with the Company shall not exceed the business transaction amount between the parties. Business transactional amount refers to the amount of purchase or sale between the parties, whichever is higher.</p> <p>(2) Where a subsidiary <del>and parent company</del> of the Company has business needs for short-term financing, such financing amount shall not exceed 20 percent of the Company's net (omitted)</p>	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower (omitted)</p> <p>2. The limit of fund-lending to the same party shall be respectively specified based on the considerations as follows:</p> <p>(1)The amount of an individual loan granted by the Company to a company or business with business relationship with the Company shall not exceed the business transaction amount <u>in the most recent year</u> between the parties. <u>And should not exceed 20% of the net value of the Company's most recent financial statements.</u> Business transactional amount refers to the amount of purchase or sale between the parties, whichever is higher.</p> <p>(2) Where a subsidiary of the Company has business needs for short-term financing, such financing amount shall not exceed 20 percent of the Company's net (omitted)</p>	amend according to actual need
Article 4	<p>Duration of loans and calculation of interest</p> <p><del>Where the borrower finances from the Company, the term shall not exceed one year. The method of calculation interest is based on the Company's short-term capital cost plus a monthly payment or settled once upon maturity.</del></p>	<p>Duration of loans and calculation of interest</p> <p><u>The term of each loan and payment</u> shall not exceed one year or one business cycle (whichever is longer) from the date of the loan.</p> <p><u>The interest rate of the loaned funds shall be adjusted according to the actual situation in consideration of the Company's deposit and borrowing interest rates in financial institutions.</u></p> <p><u>Except for special regulations, the calculation and collection of loan interest is based on the principle of monthly interest calculation, which can be collected on a monthly basis, quarterly basis, or settled once upon maturity.</u></p>	amend according to laws and regulations and actual need
Article 8	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this <u>handling</u> procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	amend according to actual need
Article 11	<p>(Add Title)</p> <p>(omitted)</p> <p>2. The Company shall fully consider opinion of each director when they are discuss in board of directors, and if there are any objections or reservations, it shall be stated in the minutes. (omitted)</p>	<p><u>Implementation and revision</u></p> <p>(omitted)</p> <p>2. The Company shall fully consider opinion of each <u>independent</u> director when they are discuss in board of directors, and if there are any objections or reservations, it shall be stated in the minutes. (omitted)</p>	amend according to laws and regulations
Article 12	<p>The Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 5th amendment was made on June 20, 2013. The 6th amendment was made on June 13, 2019.</p>	<p>The Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 5th amendment was made on June 20, 2013. The 6th amendment was made on June 13, 2019. <u>The 7th amendment was made on June 16, 2022.</u></p>	added amendment date

## DARFON ELECTRONICS CORP.

## Comparison table for the Procedures for Endorsements and Guarantees before and after amendment

Article No	Before amendment	After amendment	Reason for Amendments
Name	Procedures for Endorsement and Guarantee	<u>Handling</u> Procedures for Endorsements and Guarantees	amend according to actual need
Article 1	Purpose There are clear and specific operating standards for <del>making loans to</del> others, and this procedure is formulated in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" stipulated by the Financial Supervisory Commission.	Purpose There are clear and specific operating standards for <u>handling endorsements or guarantees for</u> others, and this <u>handling</u> procedure is formulated in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" stipulated by the Financial Supervisory Commission.	amend according to actual need
Article 2	Entities for which the company make endorsements/guarantees 1. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares. 2. A company with which it does business.	Entities for which the company make endorsements/guarantees <u>1. A company with which it does business.</u> <u>2. A company in which the company directly and indirectly holds more than 50 percent of the voting shares.</u> <u>3. A Company that directly and indirectly holds more than 50 percent of the voting shares in the company.</u> <u>4. All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.</u> <u>Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.</u>	amend according to laws and regulations
Article 3	Scope The endorsement and guarantee in this procedure refers to the following matters : (omitted)	Scope The endorsement and guarantee in this <u>handling</u> procedure refers to the following matters : (omitted)	amend according to actual need
Article 4	The ceilings amounts 1. The Company shall prescribe limits on aggregate endorsement/guarantee amount and the amount of its endorsements/guarantees for any single entity in which the Company directly and indirectly holds more than 50 percent of the voting shares <del>and</del> with which it does business. The limits shall be specified by board of directors and approval by the shareholders' meeting before implementing it. 2. The ceilings on the amounts of Endorsements/ Guarantees for Others : (1) The aggregate amount of endorsements/guarantees <del>to which the Company directly and indirectly holds more than 50 percent of the voting shares</del> is set as the ceiling for the Company as a whole cannot reach 50% of the most recent net worth of the Company.	The ceilings amounts 1. The Company shall prescribe limits on aggregate endorsement/guarantee amount and the amount of its endorsements/guarantees for any single entity in which the Company directly and indirectly holds more than 50 percent of the voting shares, <u>with which it does business and for which, their jointly invested company, all capital contributing shareholders make endorsements/ guarantees in proportion to their shareholding percentages.</u> The limits shall be specified by board of directors and approval by the shareholders' meeting before implementing it. 2. The ceilings on the amounts of Endorsements/ Guarantees for Others : (1) The aggregate amount of endorsements/guarantees is set as the ceiling for the Company as a whole cannot reach 50% of the most recent net worth of the Company.	amend according to laws and regulations

Article No	Before amendment	After amendment	Reason for Amendments
	<p>(2) <del>To the entity that directly and indirectly holds more than 50 percent of the voting shares in the company or due to needs arising from business dealings which the Company makes endorsement/guarantees</del>, the ceilings amounts cannot reach 10% of the most recent net worth of the Company.</p> <p>3. The aggregate amount of endorsements/ guarantees is set as the ceiling for the Company and its subsidiaries as a whole cannot <del>reach</del> 50% of the most recent net worth of the Company. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole <del>exceeds</del> 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting. The aggregate amount of endorsements/guarantees is set as the ceiling for the Company and its subsidiaries to a single enterprise cannot exceed 20% of the most recent net worth of the Company.</p>	<p>(2) <u>To the same entity which the Company</u> makes endorsements/guarantees, the ceilings amounts cannot reach 20% of the most recent net worth of the Company. <u>However, if an endorsement/guarantee is made due to needs arising from business dealings, the individual amount shall not exceed the estimated amount of business transactions between the two parties in the most recent year, and shall not exceed 20% of the most recent net worth of the Company. The amount of business transactions refers to the higher of the purchase or sale amount between the two parties.</u></p> <p>3. The aggregate amount of endorsements/ guarantees is set as the ceiling for the Company and its subsidiaries as a whole cannot <u>exceed</u> 50% of the most recent net worth of the Company. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole <u>reaches</u> 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting. The aggregate amount of endorsements/guarantees is set as the ceiling for the Company and its subsidiaries to a single enterprise cannot exceed 20% of the most recent net worth of the Company.</p>	
Article 5	<p>Process (omitted)</p> <p>2. The Company shall prepare a memorandum book for its fund-lending activities the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.</p> <p>3. <del>The financial department shall prepare relevant statements of endorsement and guarantee and submit them to the board of directors for review.</del></p>	<p>Process (omitted)</p> <p>2. The Company shall prepare a memorandum book for its fund-lending activities <u>and truthfully record</u> the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.</p>	amend according to laws and regulations
Article 7	<p>Procedures for controlling and managing endorsements/guarantees by subsidiaries</p> <p>1. Where a subsidiary of the Company intends to make endorsements/guarantees, the subsidiary shall formulate the procedures in accordance with the " Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies " stipulated by the Financial Supervisory Commission. After the procedures approved by the subsidiary's board of directors, submitted to the subsidiary's shareholders' meeting, and the same for amendments. When a subsidiary company is engaged in endorsement and guarantee, it shall follow its procedures.</p> <p>2. Supervise and urge the subsidiary to check by themselves whether the procedures comply with relevant standards and regulations, and whether to handle related matters in accordance with the procedures.</p>	<p>Procedures for controlling and managing endorsements/guarantees by subsidiaries</p> <p>1. Where a subsidiary of the Company intends to make endorsements/guarantees, the subsidiary shall formulate the <u>handling</u> procedures in accordance with the " Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies " stipulated by the Financial Supervisory Commission. After the procedures approved by the subsidiary's board of directors, submitted to the subsidiary's shareholders' meeting, and the same for amendments. When a subsidiary company is engaged in endorsement and guarantee, it shall follow its procedures.</p> <p>2. Supervise and urge the subsidiary to check by themselves whether the <u>handling</u> procedures comply with relevant standards and regulations, and whether to handle related matters in accordance with the <u>handling</u> procedures.</p>	amend according to actual need

Article No	Before amendment	After amendment	Reason for Amendments
	<p>(omitted)</p> <p>5. If the object of the endorsement guarantee is a subsidiary whose net value is less than one-half of the paid-in capital, the financial department shall assess the operating risk of the subsidiary and its impact on the Company, and submit a report to the Company's board of directors.</p>	<p>(omitted)</p> <p>5. If the object of the endorsement guarantee is a subsidiary whose net value is less than one-half of the paid-in capital, the financial department shall assess the operating risk of the subsidiary and its impact on the Company, and submit a report to the Company's board of directors <u>quarterly. However, companies in which the Company directly or indirectly holds 100% of the voting shares are not subject to this restriction.</u></p>	
Article 9	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>1. An endorsement/guarantee shall be submitted to and resolved upon by the board of directors, except being approved by the chairman of the board within NT100 million, for subsequent submission to and ratification by the next board of directors' meeting. Before making any endorsement/guarantee pursuant to Article 7, <del>paragraph 1, sub-paragraph 4</del>, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>(omitted)</p> <p>3. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and report the rectification plans to all the audit committee, and shall complete the rectification according to the timeframe set out in the plan. When the amount of the endorsement guarantee exceeds the limit due to changes in circumstances, the board of directors shall set a certain period of time to eliminate the excess part.</p> <p>4. Before the all matters are submitted for a resolution by the board of directors in these procedures, we shall</p>	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>1. An endorsement/guarantee shall be submitted to and resolved upon by the board of directors, except being approved by the chairman of the board within NT100 million, for subsequent submission to and ratification by the next board of directors' meeting. Before making any endorsement/guarantee pursuant to Article 7, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>(omitted)</p> <p><u>3. Where the Company needs to exceed the limits set out in the Handling Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Handling Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Handling Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</u></p> <p>4. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these <u>handling</u> procedures, or the amount of endorsement/guarantee exceeds the limit, the company shall adopt rectification plans and report the rectification plans to all the audit committee, and shall complete the rectification according to the timeframe set out in the plan. When the amount of the endorsement guarantee exceeds the limit due to changes in circumstances, the board of directors shall set a certain period of time to eliminate the excess part.</p> <p>5. Before the all matters are submitted for a resolution by the board of directors in these <u>handling</u> procedures,</p>	<p>amend according to laws and regulations and actual need</p>

Article No	Before amendment	After amendment	Reason for Amendments
	<p>require the approval of one-half or more of all audit committee members. If the approval of one-half or more of all audit committee members is not obtained, the matters may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>5. When it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each director's opinions. If a director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>6. The terms "all audit committee members" and "all directors" in this procedure shall be counted as the actual number of persons currently holding those positions.</p>	<p>we shall require the approval of one-half or more of all audit committee members. If the approval of one-half or more of all audit committee members is not obtained, the matters may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p><u>6.</u> When it submits the <u>Handling</u> Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each director's opinions. If a director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p><u>7.</u> The terms "all audit committee members" and "all directors" in this <u>handling</u> procedure shall be counted as the actual number of persons currently holding those positions.</p>	
Article 12	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	<p>Penalty</p> <p>The Company's managers and personnel in charge who violate this <u>handling</u> procedure intentionally or grossly negligent shall be dealt with in accordance with the Company's personnel and administrative rules and regulations.</p>	<p>amend according to actual need</p>
Article 13	<p>Others</p> <p>1. "Subsidiary" and "parent Company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. Matters not covered in this Procedure shall be handled in accordance with relevant laws and regulations and relevant regulations of the Company.</p> <p>3. The term "announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>4. "Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p> <p>(omitted)</p>	<p>Others</p> <p>1. "Subsidiary" and "parent company" as referred to in these <u>Handling</u> Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Handling Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. Matters not covered in this <u>Handling</u> Procedures shall be handled in accordance with relevant laws and regulations and relevant regulations of the Company.</p> <p>3. The term "announce and report" as used in these <u>Handling</u> Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>4. "Date of occurrence" in these Handling Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p> <p>(omitted)</p>	<p>amend according to actual need</p>

Article No	Before amendment	After amendment	Reason for Amendments
Article 14	<p>(Add Title)</p> <p>1. The formulation or amendment of this Procedure shall be approved by more than half of all members of the audit committee first. If there is no consent of more than one-half of all members of the audit committee, it may be agreed by more than two-thirds of all directors, and the resolution of the audit committee should be stated in the minutes of the board of directors.</p> <p>2. The Company shall fully consider opinion of each director when they are discuss in board of directors, and if there are any objections or reservations, it shall be stated in the minutes.</p> <p>3. This Procedure is approved by the board of directors and submitted to the shareholders' meeting for approval, the same as amended.</p>	<p><u>Implementation and revision</u></p> <p>1 The formulation or amendment of this <u>Handling</u> Procedure shall be approved by more than half of all members of the audit committee first. If there is no consent of more than one-half of all members of the audit committee, it may be agreed by more than two-thirds of all directors, and the resolution of the audit committee should be stated in the minutes of the board of directors.</p> <p>2. The Company shall fully consider opinion of each independent director or when they are discuss in board of directors, and if there are any objections or reservations, it shall be stated in the minutes.</p> <p>3. This <u>Handling</u> Procedure is approved by the board of directors and submitted to the shareholders' meeting for approval, the same as amended.</p>	<p>amend according to laws and regulations and actual need</p>
Article 15	<p>The Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 6th amendment was made on June 21, 2013.</p> <p>The 7th amendment was made on June 13, 2019.</p>	<p>The <u>Handling</u> Procedures were adopted on January 26, 1998. (omitted)</p> <p>The 6th amendment was made on June 21, 2013.</p> <p>The 7th amendment was made on June 13, 2019.</p> <p><u>The 8th amendment was made on June 16, 2022.</u></p>	<p>added amendment date</p>

## Shareholding of All Directors

1. The Company has issued capital of the Company is NT\$2,800,000,010 representing 280,000,001 common shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors of the company is 12,000,000.
2. As of April 18, 2022, the number of shares held by all directors is 64,108,114 shares. The actual collective shareholding of directors was shown as below:

Title	Name	Shareholders Represented	No. of Shareholding	Shareholding%
Chairman	Kai-Chien Su		4,058,447	1.45
Director	Kuen-Yao Lee		1,525,729	0.54
Director	Chi-Hong Chen	(Qisda Corporation)	58,004,667	20.72
Director	Chiu-Chin Hung	(Qisda Corporation)	58,004,667	20.72
Director	Yao-Kun Tsai		519,271	0.19
Independent Director	Neng-Pai Lin		0	0.00
Independent Director	Kun-Ming Lee		0	0.00
Independent Director	Yu-Tien Lee		0	0.00
Independent Director	Hsiang-Niang Hu		0	0.00
<b>Total</b>			<b>64,108,114</b>	<b>22.90</b>

**Rules and Procedures for Shareholders' Meeting**

1. The Rules and Procedures for Shareholders' Meeting are enacted in accordance with the "Rules Governing the Conduct of Shareholders' meetings by Public Companies" promulgated by the Securities and Futures Commission, Ministry of Finance, (86) Tai-Tsai- Zheng (3) No.04109.
2. Shareholders or their proxies attending the shareholders' meeting (the "Meeting") shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders or their proxies attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or their proxies plus the number of shares exercised by correspondence or electronic means.
3. The quorum required for the Meeting and the votes cast by the shareholders shall be calculated in accordance with the number of shares representing by shareholders attending the Meeting.
4. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. The chairman of the Board of Directors shall be the chair presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the chairman of the Board of Directors is on leave or cannot exercise his power and authority for any reason, the vice chair shall act on behalf of the chair. In case the Company has no vice chairman, or the vice chairman is also on leave or unable to exercise his and authority for any reason, the chairman of the Board of Directors shall designate one of the directors to act on behalf of the chair. If the chairman does not make such designation, the directors shall elect from and among themselves an acting chair of the Board of Directors. If the Meeting is convened by the person other than the Board of Directors who is permitted to convene such Meeting, such person shall be the chair presiding the Meeting.
6. The Company may appoint designated counsel, Certified Public Accountant or other related persons to attend the Meeting.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes or videos shall be preserved for at least one year.
8. Chair shall call the Meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chair may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares of the Company, tentative resolutions may be made in accordance with Paragraph 1, Article 175 of the Company Act of the Republic of China. If during the process of the Meeting the number of shares represented by the shareholders present becomes sufficient to constitute the quorum, the chair may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act of the Republic of China.
9. The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. During the Meeting, the chair may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chair cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designate any other person as chair and continue the Meeting in the same or other place after the Meeting is adjourned.



10. When a shareholder present at the Meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's number, and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chair. If any shareholder presenting the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. Unless otherwise permitted by the chair and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder, otherwise the chair shall stop such interruption.
11. Unless otherwise permitted by the chair, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the chair may stop the speech of such shareholder.
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chair may respond him/herself or appoint an appropriate person to respond.
14. The chair may announce to end the discussion of any discussion item and go into voting if the chair deems it appropriate.
15. The person(s) to monitor and the person(s) to count the ballots shall be appointed by the chair. The person(s) monitoring the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and recorded in the minutes of the Meeting.
16. Except otherwise provided in the Company Act of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chair.
17. If there is amendment to or substitute for a discussion item, the chair shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any of them has been adopted, the other shall be deemed vetoed and no further voting is necessary.
19. In case of incident due to force majeure, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
18. The chair may require or supervise the disciplinary officers or the security guards to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officer" for identification purpose.
20. Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act of Republic of China and the Articles of Incorporation of the Company.
21. The Rules and Procedures shall become effective from the date on which the Rules and Procedures are approved by the Meeting. The same shall apply to amendments to the Rules and Procedures.