

Stock Code: 2375

JAMICON
TEAPO

Kaimei Electronic Corp.

(Originally named Teapo Electronic Corporation)

2021

Meeting Handbook

Time: 9:00 a.m., Monday, May 31, 2021.

**Venue: Room B3, No.75, Sec. 1, Xintai 5th Rd., Xizhi Dist.,
New Taipei City 221, Taiwan (R.O.C.)**

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Kaimei Electronic Corp.

Procedure for the 2021 Annual Shareholders' Meeting

- I. Meeting called to Order**
- II. Chairman's Remarks**
- III. Reports**
- IV. Proposals**
- V. Discussions**
- VI. Election**
- VII. Extemporaneous Motions**
- VIII. Adjournment**

Kaimei Electronic Corp.

Agenda for the 2021 Annual Shareholders' Meeting

- I. Time: 9:00 a.m., Monday, May 31, 2021.
- II. Venue: Room B3, No.75, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)
- III. Chairman's Remarks
- IV. Reports
 - Item I 2020 Business Report
 - Item II Supervisors' Review Report of 2020 Financial Statements
 - Item III Report on 2020 Employees' and Directors' Compensation
 - Item IV Report on 2020 Share Repurchase by the Company
 - Item V Report on Execution of Issuance of Common Shares by Private Placement
 - Item VI Amendments to the Company's "Procedures for Treasury Stock Transfer to Employees"
 - Item VII Revocation of the Company's "Rules of Procedure for Board of Directors Meetings" and Re-establishment of the Company's "Regulations Governing Procedure for Board of Directors' Meetings"
 - Item VIII Establishment of the Company's "Code of Ethical Conduct"
- V. Proposals
 - Item I Ratification of 2020 Business Report and Financial Statements
 - Item II Ratification of 2020 Earnings Distribution Proposal
- VI. Discussions
 - Item I Amendments to the Company's "Articles of Incorporation"
 - Item II Amendments to the Company's "Rules of Procedure for Shareholders' Meetings"
 - Item III Amendments to the Company's "Procedures for Acquisition or Disposal of Assets"
- VII. Election
 - Item I By-election of One Seat of Independent Director of the 16th Board of Directors
- VIII. Extemporary Motions

Reports

Item I 2020 Business Report

Kaimei Electronic Corp. 2020 Business Report

In 2020, the spread of the epidemic has led to low demand for automotive and industrial machinery. However, thanks to the growing trend of remote working and stay-at-home economy, the demand for electric capacitors for servers and home video game consoles has been strong, thus boosting profitability for the main operations of the Company. In January 2021, in order to continue to focus on its core technologies and strengthen its competitiveness more effectively, “integration of Group resources” was undertaken. The Group completed the share-swap deal with Chilisin Electronics Corp., in which the Groups' subsidiary Bothhand Enterprise Inc. was disposed of and Ralec Electronic Corp., a subsidiary of Chilisin Electronics Corp. was acquired. Through the transaction, the Group has been able to concentrate on the management of its main operations, to tap into the integrated synergy in channels, technologies, process and management, and to complement both of its products and markets, so as to maximize the utilization of resources in various aspects and continuously provide comprehensive component solutions for customers and to increase the overall corporation value and shareholders' equity.

1. 2020 Operation Results

(1) Results of Operations based on 2020 Business Plan

The consolidated revenue of the Company in 2020 was NT\$4.467 billion, representing a decrease of approximately 1.76% as compared with NT\$4.547 billion in 2019. Gross profit margin was 25.89%, with a net operating profit of NT\$552 million. Net income after tax attributable to owners of the Company was NT\$563 million. And the earnings per share (EPS) was NT\$3.42.

(2) Budget Implementation:

As the Company did not announce a financial forecast for 2021, this information is not required.

(3) Financial Position and Profitability Analysis

Item	(NTD/K/%)
	2020
Net cash generated from operating activities	490,083
Net cash generated used in investing activities	(249,295)
Net cash generated from financing activities	376,609
Return of assets	4.67%
Return on equity	7.76%
Profit margin of the Company%	12.59%
Consolidated profit margin%	13.02%
Earnings per share (NT\$)	3.42

(4) Research and Development

- a. Liquid electrolytic capacitors with low resistance, long life, high temperature resistance, and high ripple current.
- b. Hybrid solid capacitors and solid capacitors with long life.
- c. V-CHIP with high temperature resistance and ultra-low ERS capacitors.
- c. Motor Fan: Cooling fan products with salt-fog resistance.
- d. Completion of automation process for unitization of network components.
- e. High-power automotive LED headlight control module.

2. Outline of 2021 Business Plan

(1) Business Policy

- a. Reduce procurement costs of raw materials through bulk purchases, improve and optimize the manufacturing process, enhance availability of equipment and employee productivity, thereby increase the yield rate of finished products and facilitate the control of production costs.
- b. Continue to invest in the research and development of new products and technologies, and expand customer base and the scope and depth of application of products.
- c. Promote process research, strictly manage quality, cost and delivery of products, and control key technologies and pass them down.
- d. Pay attention to the collection of market information, including industry dynamics and financial information for decision making.
- e. Continue to promote effective management of inventories and accounts receivable, and continue to strengthen the cash inflow.
- f. Integrate resources of the Group and enhance operational efficiency to reduce management costs.

(2) Production and Marketing Policies:

- a. Build a comprehensive and flexible production and marketing system that makes quick response to different needs of customers, and extends the Company's technical services to the whole process of design, testing and improvement of customers, so as to provide customized services to customers from various aspects such as cost performance. Foster capability and mechanism that adapt swiftly to changes in the markets and collect information related to upstream, midstream and downstream competitors of the industry, business environment and laws and regulations to assist the management level in making decisions and planning research and development strategies.
- b. Develop alternative materials and integrate commonality of materials to improve production efficiency so as to reduce costs and increase profits.
- c. Expand markets for product applications with a view to diversify the sales scope of products.
- d. Take into consideration of overall price of raw material procurement, yield rate and cost of consumption per unit in order to achieve better unit cost and delivery quality.
- e. Manage inventories and reduce inventory level rigorously to improve inventory turnover.

3. Effect of External Competition, Legal environment, and the Overall Business Environment

The global economy is still subject to a number of potential risks. After the Biden administration took office, it has firmly prioritized to restore America's standing in the world through supporting domestic industries. Against the backdrop of that, coupled with continued decline of economy in the mainland China area, the Company has been faced with the impact of external competition, laws and regulations and general business environment all the time. As a result, the Company will commit itself to upgrading its products through research and development and taking the initiative to obtain certifications from major manufacturers to seize the opportunities for future growth. The Company will also constantly learn from the management experience of the world's leading manufacturers, and adopt and absorb the sophisticated manufacturing process management tools and techniques, so as to bring the production of the Company to the world-class level.

4. Future Development Strategy

As the passive component market has significantly recovered and product prices have risen recently, the current order visibility will continue till the second quarter of this year. The Company will actively adjust output and continue to provide customers with high-value products and services. However, since the global pandemic has not been eradicated yet, and international trade disputes are full of uncertainties, the Company will stay cautiously optimistic about the performance and business outlook.

Chairman: Weng, Chi-Sheng

Manager: Chang, Wei-Tsu

Chief Accounting Officer: Chen, Shu-Hui

Item II Supervisors' Review Report of 2020 Financial Statements

Kaimei Electronic Corp.
Supervisor's Review Report

To the 2020 Annual Shareholders' Meeting of Kaimei Electronic Corp.

The Board of Directors has made a resolution of the Company's 2020 financial statements, business report and earnings distribution. Of which, the Company's 2020 financial statements have been audited by CPA, Chien, Ssu-Chuan, and CPA, Luo, Jui-Lan from KPMG through entrustment by the Board of Directors, and an audit report with unqualified opinion was issued. The Supervisor is responsible for supervising the Company's financial reporting process.

The CPAs have attested the Company's 2020 financial statements, and communicated the following items with the Supervisor:

1. There was no significant discovery concerning the audit by the CPAs within the planned audit scope and time period.
2. The CPAs have provided the Supervisor with a declaration that they complied with the Codes of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence. Other matters that might possibly be deemed to impair their independence were not found.
3. The CPAs have communicated with the Supervisor regarding the significant matters in the audit.

The Company's 2020 financial statements, business report and earnings distribution resolved by the Board of Directors have been reviewed by the Supervisor and deemed to comply with relevant laws and regulations. This report was made in accordance with Article 219 of the Company Act.

To the 2021 Annual Shareholders' Meeting of Kaimei Electronic Corp.

Supervisor: Shi Hen Enterprise Ltd.

Representative of Corporate Shareholder: Lai, Yuan-Ho

March 26, 2021

Kaimei Electronic Corp.
Supervisor's Review Report

To the 2020 Annual Shareholders' Meeting of Kaimei Electronic Corp.:

The Board of Directors has made a resolution of the Company's 2020 financial statements, business report and earnings distribution. Of which, the Company's 2020 financial statements have been audited by CPA, Chien, Ssu-Chuan , and CPA, Luo, Jui-Lan from KPMG through entrustment by the Board of Directors, and an audit report with unqualified opinion was issued. The Supervisor is responsible for supervising the Company's financial reporting process.

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To the 2021 Annual Shareholders' Meeting of Kaimei Electronic Corp.

Supervisor: Shi Hen Enterprise Ltd.

Representative of Corporate Shareholder: Tsai, Chin-Chih

March 26, 2021

Item III Report on 2020 Employees' and Directors' Compensation

Description: In accordance with Article 27 of the Company's Articles of Incorporation, the compensation distribution to employees, Directors, and Supervisors for the year of 2020 was approved by the Compensation Committee. The 2020 Compensation Distribution Table is compiled as follows:

Unit: NT\$

Distribution Item	Distribution Ratio	Amount	Method of Distribution
Employee compensation	2.21%	13,296,000	All paid in cash
Directors and Supervisors compensation	4.00%	24,070,000	
Total	6.21%	37,366,000	

Item IV Report on 2020 Share Repurchase by the Company

Description

Item	Description
Estimated circumstances of share repurchase	
Resolved by the Board of Directors	April 8, 2020.
Purpose of share repurchase	Share transfer to employees
Types of share repurchase	Common share
Limits on total amount of share repurchase (NT\$)	NT\$4,925,370,081
Scheduled period of share repurchase	April 9, 2020~June 8, 2020.
Scheduled quantity of share repurchase	4,000,000 shares
Scheduled price range of share repurchase (NT\$)	NT\$24.78 ~ NT\$49.34
Actual circumstances of share repurchase	
Period of share repurchase	(Month Date, Year)
Type and quantity of share repurchase	0 share
Amount of share repurchase (NT\$)	NT\$0
Cumulative shares held by the Company	0 share (excluding 76,998 shares repurchased from the dissenting shareholders as a result of the merger and acquisition)
Average price per share of repurchase (NT\$)	NT\$0
Ratio of the cumulative number of shares held by the Company to the total number of shares issued (%)	0% (excluding 76,998 shares repurchased from the dissenting shareholders as a result of the merger and acquisition)
Reasons for incomplete execution after the end of the repurchasing period	As the share price has gradually stabilized during the share repurchase, the execution has not been carried out in full in order to take into account the market mechanism and to avoid excessive volatility in the share price.

Item V Report on Execution of Issuance of Common Shares by Private Placement

Description: The Company's annual shareholders' meeting on June 5, 2020 passed the proposal of issuance of common shares by private placement within a range of 30 million shares by a resolution. In accordance with Paragraph 7, Article 43-6 of the Securities and Exchange Act, private placement of common shares may be conducted by two installments within one year from the date of the resolution of the shareholders' meeting. However, given the time limit, the Company has no plan to continue the private placement and no private placement will be conducted for the remaining period within the time limit.

Item VI Amendments to the Company's "Procedures for Treasury Stock Transfer to Employees"

- Description: 1. The amendments are made in accordance with laws and regulations and in line with the Company's business needs.
2. Please see Appendix 1 on Page 12 of the Handbook for the comparison table of the amendments.

Item VII Report on the revocation of the Company's "Rules of Procedure for Board of Directors Meetings" and the formulation of the Company's "Regulations Governing Procedure for Board of Directors Meetings" .

- Description: 1. In accordance with the provisions prescribed by the competent authority, it is proposed to revoke the Company's "Rules of Procedure for Board of Directors Meetings" and to formulate the "Regulations Governing Procedure for Board of Directors Meetings".
2. For the new and old provisions, please refer to Appendix 3 on pages 15 to 20 and Appendix 4 on pages 21 to 26 of the Handbook

Item VIII Establishment of the Company's "Code of Ethical Conduct"

- Description: 1. The Code of Ethical Conduct was established in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and in line with the Company's business needs.
2. Please see Appendix 5 on Page 27~Page 28 of the Handbook.

Proposals

Item I Ratification of the Company's 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description: The Company's 2020 Business Report, 2020 Parent Company Only Financial Statements, and 2020 Consolidated Financial Statements have been approved by the Board of Directors and reviewed by the supervisors. Please refer to pages 5 to 6 and Appendix 6 on pages 29 to 43 of the Handbook.

Resolution:

Item II Ratification of the 2020 Earnings Distribution Proposal (Proposed by the Board of Directors)

Description: 1. The Company's 2020 earnings distribution proposal is made in accordance with the Company Act and the Company's Articles of Incorporation. Distribution of cash dividends of NT\$271,534,340 in total, and NT\$2 per share are proposed.

2. In accordance with relevant provisions of Article 66-9 of the Income Tax Act, the current distribution of earnings is separately identified and distributed as a priority for the distribution of earnings for the most recent year.

3. In the Company's 2020 earnings distribution proposal, distribution of cash dividends of NT\$2 per share is proposed. The cash dividend is rounded off to the nearest New Taiwan Dollar, with the decimal places removed. The total rounded off amounts are accounted as other income in the Company's financial statements.

4. In the event that outstanding shares are impacted due to the Company's subsequent share repurchase, cancellation of treasury stock, or issuance of new shares for capital increase on the record date of distribution and that the earnings distribution approved by the shareholders' meeting is affected, it is proposed that the Chairman of the Board be authorized by the Shareholders' meeting to adjust the cash dividends to be distributed to each share based on the number of actual outstanding shares.

5. After resolved by the shareholders' meeting, the Chairman of the Board shall be authorized to set the record date and other related matters if required.

Kaimei Electronic Corp. Earnings Distribution 2020

Currency Unit: NT\$

Undistributed earnings at the beginning of 2020	\$	1,159,915,340
Less: Re-measurement of defined benefit plans recognized in retained earnings		(1,655,194)
Less: Difference between the actual price and the carrying amount of equity of subsidiaries acquired or disposed of		(3,709,515)
Add: Accumulated gains or losses on disposal of equity instruments at fair value through other comprehensive income reclassified to retained earnings directly		2,074,017
Add: 2020 net income		562,559,355
Earnings available for distribution		1,719,184,003
Less: Provision of legal reserve (10%)		(55,926,866)
Add: Reversal of equity debited to special reserves		31,888,346
Distribution		
Cash dividends for shareholders (NT\$2 per share)		(271,534,340)
Undistributed earnings at the end of 2020	\$	1,423,611,143

Note: The number of the Company's outstanding shares = 135,844,168 shares - 76,998 treasury shares = 135,767,170 shares.

Chairman: Weng, Chi-Sheng

Manager: Chang, Wei-Tsu

Chief Accounting Officer: Chen, Shu-Hui

Resolution:

Discussions

Item I Amendments to the Company's "Articles of Incorporation" (Proposed by the Board of Directors)

- Description: 1. The amendments are made to provisions of Article 16 of the Company's Articles of Incorporation in accordance with Article 14-4 of the Securities and Exchange Act regarding establishment of an audit committee.
2. Please see Appendix 7 on Page 44 of the Handbook for the comparison table of the amendments.

Resolution:

Item II Amendments to the Company's "Rules of Procedure for Shareholders' Meetings" (Proposed by the Board of Directors)

- Description: 1. The amendments are made to provisions of the Company's "Rules of Procedure for Shareholders' Meetings" in accordance with the competent authority.
2. Please see Appendix 9 on Page 51 to 53 of the Handbook for the comparison table of the amendments.

Resolution:

Item III Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" (Proposed by the Board of Directors)

- Description: 1. In accordance with laws and regulations and the Company's actual operations, some of the provisions of the Company's "Procedures for Acquisition or Disposal of Assets" have been amended.
2. Please refer to Appendix 11 on pages 58 to 59 of the Handbook for the table of comparison of the provisions before and after the amendments.

Resolution:

Election

Item I By-election of One Seat of Independent Director of the 16th Board of Directors (Proposed by the Board of Directors)

Description: 1. Independent Director of the 16th Board of Directors, Mr. Lin, Yu-Chang, resigned due to heavy responsibilities on January 13, 2021. A by-election is proposed at the annual shareholders' meeting. The term of office of the Independent Director newly elected shall commence after the annual shareholders' meeting and expire at the end of the term of office of this Board of Directors on June 4, 2022.

2. The election of Independent Directors of the Company is based on the candidate nomination system. The slate of candidates has been reviewed and approved by the Company's Board of Directors on March 12, 2021. Relevant information is as follows:

Candidate of Independent Director	Educational Background	Experience	Shareholding
Wu, Huo-Sheng	M.A., Department of Banking and Finance, Tamkang University	Chairman, Taishin Securities Investment Trust Co., Ltd.	0 share

3. Please proceed with the election.

Election Results:

Extemporary Motions

Adjournment

Appendix 1 Comparison Table of Amendments to Procedures for Treasury Stock Transfer to Employees

Kaimei Electronic Corp.

Comparison table of amendments to Procedures for Treasury Stock Transfer to Employees

Article before amendment		Article after amendment		Description of amendment
Article	Content	Article	Content	
Article 4	Qualifications of the transferee Employees of the Company and subsidiaries or companies at home and abroad controlled by the Company (such companies are as defined under the Order of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate-1070121068 dated December 27, 2018) who have served for one year prior to the date of the subscription shall be entitled to the subscription amount as stipulated in Article 5 of these Regulations. Employees whose employment terminate or are on leave of absence before the end of the offering period lose the qualification to subscribe.	Article 4	Qualifications of the transferee <u>Full-time</u> employees of the Company and subsidiaries or companies at home and abroad controlled by the Company (such companies are as defined under the Order of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate-1070121068 dated December 27, 2018) who have served for one year prior to the date of the subscription shall be entitled to the subscription amount as stipulated in Article 5 of these Regulations. Employees whose employment terminate or are on leave of absence before the end of the offering period lose the qualification to subscribe.	1. The competent authority requires that the identity of the employees be well defined and the qualification of the transferee is specified herein.

Appendix 2 Procedures for Treasury Stock Transfer to Employees

Kaimei Electronic Corp.

Procedures for Treasury Stock Transfer to Employees

New amendment

Article 1 Purpose

To motivate employees and enhance team cohesion, these Procedures for Treasury Stock Transfer to Employees are established in accordance with Subparagraph 1, Paragraph 1 of Article 28-2 of the Securities and Exchange Act and relevant provisions prescribed in "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" issued by the Financial Supervisory Commission. The Company shall repurchase and transfer shares to employees in such a way that is specified by these Procedures, unless otherwise prescribed by applicable laws and regulations.

Article 2 Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights

The shares to be transferred to employees are common shares, which carry the same rights and obligations as do those currently traded in the open market, except that the employees are prohibited from transferring such shares within two years and unless otherwise prescribed by applicable laws and regulations.

Article 3 Period of share transfer

The shares to be repurchased by the Company shall be transferred to employees in full or installments within five years from the date of repurchase. If the shares are not transferred within the time limit, they shall be deemed as unissued shares of the Company, and the registration for change of eliminating such shares shall be handled in accordance with the law.

Article 4 Qualifications of the transferee

Full-time employees of the Company and subsidiaries or companies at home and abroad controlled by the Company (such companies are as defined under the Order of the Financial Supervisory Commission No. Financial – Supervisory - Securities – Corporate - 1070121068 dated December 27, 2018) who have served for one year prior to the date of the subscription shall be entitled to the subscription amount as stipulated in Article 5 of these Regulations. Employees whose employment terminate or are on leave of absence before the end of the offering period lose the qualification to subscribe.

Article 5 The Number of shares allowed for employee subscription

The Number of shares allowed for employee subscription shall be determined based on criteria such as job grade, years of service, performance and future development potential, as described below:

1. The record date of subscription, payment period and relevant matters of each share transfer shall be determined by the Chairman with authorization and in accordance with relevant regulations.
2. Employees who have not paid for the subscription within the subscription payment period are viewed as giving up their rights to the subscriptions. The Chairman may inquire other employees on whether they would like to purchase the remaining subscriptions.

Article 6 Operating procedures for transferring the shares repurchased by the Company to employees

1. Upon the approval of Board of Directors, the Company shall announce and report the repurchase of its own shares within the period specified in the resolution.
2. In accordance with these Procedures, the Board of Directors shall set and announce relevant procedures, including the record date of subscription, standards for the number of shares subscribable, the billing period of subscription, rights and limitations.
3. The Company shall collect the shares that be actual paid and subscribed, and proceed with the share transfer and registration process.

Article 7 Agreed transfer price per share

For transfer of repurchased shares to employees, the transfer price shall not be lower than the average price of actual repurchase. However, when the number of issued common shares of the Company increases or decreases before transfer, it shall be adjusted according to the increase or decrease ratio.

Adjustment formula for transfer price:

The adjusted transfer price = the actual average repurchase price per share × (total number of common shares at the time after the share repurchase was completed ÷ total number of common shares before the Company transfer the shares to employees).

Article 8 Rights and obligations subsequent to the transfer

The shares transferred to employees, unless otherwise prescribed by regulations, shall carry the same rights and obligations as do the original shares after the registration of the transfer is completed.

Article 9 Other matters

Share transfer to the subscription employees shall be executed after payment of relevant taxes is made in accordance with the laws and regulations.

Article 10 These Procedures for Treasury Stock Transfer to Employees shall become effective upon approval by the Board of Directors' meeting. The same applies to amendments.

Article 11 These Procedures for Treasury Stock Transfer to Employees shall be reported to the shareholders' meeting. The same applies to amendments.

These Procedures for Treasury Stock Transfer to Employees were enacted on April 8, 2020.

These Procedures for Treasury Stock Transfer to Employees were amended on May 8, 2020.

Appendix 3 Regulations Governing Procedure for Board of Directors' Meetings

Kaimei Electronic Corp. Regulations Governing Procedure for Board of Directors' Meetings

Newly established

Article 1 (Legal basis)

In order to establish efficient governance, and improve supervision and management functions of the Board of Directors, the Company has set up these Regulations in accordance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."

Article 2 (Scope)

Meeting regulations, main agenda items, operational procedures, items to be specified in the meeting minutes, public announcements, and other compliance matters for the Board of Directors' meeting shall be handled in accordance with these Regulations.

Article 3 (Convening and meeting notice of the Board of Directors' meeting)

The Company's Board of Directors' meetings shall be convened quarterly.

The reasons for calling the Board of Directors' meeting shall be notified to each Director and Supervisor at least seven days in advance in writing, or by facsimile, or email. In emergency circumstances, however, a meeting may be called at any time.

Matters described in the subparagraphs under Paragraph 1, Article 12 of these Regulations shall be set out in the meeting notice and may not be raised by extemporaneous motions, except in the case of an emergency or legitimate reason.

Article 4 (Meeting notices and materials)

Agenda items of the Board of Directors' meeting shall be determined by the Chairman of the Board. Matters regarding proceedings of the meetings, meeting minutes, and other relevant matters shall be handled by the agenda working group, financial units.

The agenda working group shall provide sufficient meeting materials and send the same with the meeting notices.

When Directors consider the meeting materials provided to be insufficient, they may request the agenda working group to supplement the materials. When Directors consider the materials concerning any proposal to be insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

Article 5 (Preparation of documents such as attendance registers and power of attorney)

When the Board of Directors' meeting is convened, attendance registers shall be prepared for attending Directors to sign in for future reference.

Directors shall attend the Board of Directors' meeting in person. When Directors are unable to attend in person, they shall appoint another Director to attend the meetings as a proxy in accordance with the Company's Articles of Incorporation. Attendance by video conference shall be deemed as attendance in person.

When Directors appoint another Director to attend the meetings as a proxy, they shall in each case execute a power of attorney stating therein the scope of authorization with respect to the reasons for calling the meeting.

A Director may only be appointed as a proxy by one other Director under paragraph 2.

Article 6 (Guidelines for location and time of the Board of Directors' meeting)

The Board of Directors' meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all Directors to attend and suitable for holding such meetings.

Article 7

When the Board of Directors' meeting is convened by the Chairman of the Board of the Company, the Chairman shall be the chairman of such meeting. When the Board of Directors' meeting is convened by the Director receiving ballots representing the highest numbers of voting rights at the shareholders' meeting, such Director shall be the chairman of such meeting. When there are more than one person having convening right, the chairman of the meeting shall be appointed from among themselves.

When the Board of Directors' meeting is convened by the majority or more of the Directors on their own, the chairman of the meeting shall be appointed from among themselves in accordance with Paragraph 4, Article 203, and Paragraph 3, Article 203-1 of the Company Act.

When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman of the Board shall act on his/her behalf. Where the position of Vice Chairman has not been created or the Vice Chairman is on leave or for any reason is unable to exercise the powers, the Chairman shall designate a Managing Director to act on his/her behalf. Where the position of Managing Director has not been created, the Chairman shall designate a Director to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Managing Directors or Directors from among themselves.

Article 8 (Meeting materials, participants and the convening of the Board of Directors' meeting)

When the Board of Directors' meeting is convened, management units (or the unit appointed by the Board to be responsible for the meeting) shall prepare relevant materials and make them available for review by attending Directors at any time.

When a Board of Directors' meeting is convened, the Company may, in view of the agenda items, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the Company may also invite CPAs, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. However, they shall leave the meeting when discussion or voting takes place.

The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting and when a majority of the Directors are present.

When one-half of all Board Directors are not present at the time of the meeting, the chairman may announce a postponement, provided that no more than two such postponements may be made. Otherwise, the chairman may re-convene the meeting in accordance with Paragraph 2, Article 3 of these Rules.

The term "all Board Directors" as used in the preceding paragraph and Subparagraph 2, Paragraph 2 of Article 16 shall be calculated as the number of Directors holding office.

Article 9 (Audio or video recording of the entire proceedings of the Board of Directors' meeting)

The Company shall record the entire proceeding of the Board of Directors' meeting in audio or video, and such files shall be kept for at least five years. The recordings may be retained in electronic form.

If litigation arises from the matters resolved in the Board of Directors' meeting before the retention period referred to in the preceding paragraph expires, the relevant audio or video recordings shall be retained until the conclusion of the litigation.

Where the Board of Directors' meeting is held via video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be retained throughout the life of the Company.

Article 10 (Agenda items)

Agenda items for regular Board of Directors' meeting shall include at least the following:

- I. Reports
 1. Minutes of the last meeting and actions taken.
 2. Important financial and business matters.
 3. Report of internal audit.
 4. Other important matters.
- II. Discussions
 1. Items for continued discussion from the last meeting.
 2. Items to be discussed at this meeting.
- III. Extemporay Motions

Article 11

The Company's Board of Directors shall conduct a meeting according to the agenda as specified in the meeting notice. However, the agenda may be changed with the approval of a majority of Directors present at the meeting.

The chairman of the meeting may not declare the meeting adjourned without the approval of a majority of Directors present at the meeting.

During the proceeding of the Board of Directors' meeting, if the Directors sitting at the meeting are not more than half of the Directors in attendance, the chairman shall declare a suspension of the meeting upon motion by the Directors sitting at the meeting, in which case Paragraph 5 of Article 8 shall apply mutatis mutandis.

Article 12

The following items shall be submitted to the Board of Directors' meeting for discussion:

- I. The Company's business plan.
- II. Annual financial reports.
- III. Establishment or amendment of an internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
- IV. Establishment or amendment of procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
- V. Offering, issuance or private placement of any equity based securities.
- VI. Appointment or dismissal of finance managers, accounting managers or chief internal auditors.
- VII. A donation to a related party or a major donation to a non-related party. However, a donation for charity or disaster relief for a major natural disaster may be submitted to the next Board of Directors' meeting for ratification.
- VIII. Any matter that, under Article 14-3 of the Securities and Exchange Act, shall be resolved by the shareholders' meeting or Board of Directors' meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" as used in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that amount to NT\$100 million or more, or reach 1% of the net operating revenue or 5% of the paid-in capital as stated in the audited financial statement for the most recent fiscal year.

The term "within a one-year period" as used in the preceding paragraph refers to a period of one year calculated retroactively from the date on which the current Board of Directors' meeting is convened. Amounts already submitted to and passed by resolutions by the Board of Directors' meeting are exempted from inclusion in the calculation.

At least one Independent Director shall attend in person any meeting of the Board of Directors. With respect to a matter prescribed in Paragraph 1 that must be approved by resolutions by the Board of Directors' meeting, all Independent Directors shall attend the meeting in person or appoint another Independent Director to attend the meeting as a proxy. 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. When an Independent Director is unable to attend the meeting in person, a written opinion shall be issued in advance and recorded in the minutes of the Board of Directors' meeting, unless there is some legitimate reason to do otherwise.

Article 13 (Voting I)

When the chairman deems that a proposal has been discussed thoroughly and ready for voting, the chairman may announce an end of discussion and bring the proposal to a vote.

When a proposal comes to a vote at the Board of Directors' meeting, it shall be deemed approved if no objection is voiced by all Directors present at the meeting following an inquiry by the chairman of the meeting. If, upon an inquiry by the chairman of the meeting, any Director expresses dissent, the proposal shall be brought to a vote.

The chairman shall decide to adopt which of the following voting methods. In the event that any attendee expresses dissent, the voting method shall be decided by a majority of the attendees.

- I. Vote by raising hands.
- II. Vote by voicing votes.
- III. Vote by casting ballots.
- IV. Vote by any method selected at the Company's discretion.

The term "all Directors present at the meeting" as used in the preceding two paragraphs shall not include Directors who are not entitled to exercise voting rights in accordance with Paragraph 1, Article 15.

Article 14 (Voting II, and method of supervising the casting of ballots and counting ballots)

Unless otherwise provided for in the Securities and Exchange Act and the Company Act, a resolution shall be adopted by the approval of a majority of the Directors present at the meeting that shall be attended by a majority of all Directors.

When there is an amendment to or a substitute for a proposal, the chairman shall determine the order of voting for the original proposal, the amendment, and the substitute. When one among them is resolved, other proposals are deemed vetoed and no further voting process is required.

When persons supervising the casting of ballots and the persons counting the ballots are required for any proposal, they shall be designated by the chairman. However, the persons supervising the casting of the ballots shall be Directors.

The voting results shall be announced at the meeting and recorded in writing.

Article 15

In the event that an agenda item represents a conflict of interest for Directors or for the corporate holder they represent, the Directors shall disclose the conflict at the meeting and refrain from discussion or vote on the matter if the conflict of interest is likely to impair the interests of the Company. The Directors shall also not exercise voting rights on behalf of any other Directors.

Where the spouse, a familial relationship within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting, the Director shall be deemed to have a personal interest in the matter.

In the resolution of the Board of Directors' meeting, the Directors prohibited from exercising voting rights shall be subject to mutatis mutandis application of Paragraph 2, Article 180 in accordance with Paragraph 4, Article 206 of the Company Act.

Article 16 (Meeting minutes and sign-in matters)

Minutes of the Board of Directors' meeting shall be made, in which the following shall be faithfully recorded:

- I. Session (or year), time and place of the meeting.
- II. Name of the chairman of the meeting.
- III. Attendance of Directors at the meeting, including the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Reports.
- VII. Discussions: Method of resolution and results for each proposal, summary of opinions expressed by Directors, Supervisors, experts, and other personnel, names of Directors involved in the conflict of interests as referred to in the first paragraph of the preceding article, description of the important content of the interests, reasons for requirement of recusal, and the status of the recusal, objections or reservations with records or written statements, and written opinions issued by Independent Directors in accordance with Paragraph 4, Article 12.
- VIII. Extemporaneous motions: Names of the mover, method of resolution and results for each motion, summary of opinions expressed by Directors, Supervisors, experts, and other personnel, names of Directors involved in the conflict of interests as referred to in the first paragraph of the preceding article, description of the important content of the interests, reasons for requirement of recusal, and the status of the recusal, and objections or reservations with records or written statements.
- IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at the Board of Directors' meeting shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation System designated by the Financial Supervisory Commission:

- I. Any Independent Director expresses dissent or reservations which are on record or in a written statement.
- II. Where the Company establishes an Audit Committee, the matters are not approved by the Audit Committee but resolved by more than two-thirds of all Directors.

The attendance register forms a part of the meeting minutes and shall be retained throughout the life of the Company. The meeting minutes shall be signed or sealed by the chairman of the meeting and the minute takers and distributed to each Director and Supervisor within 20 days after the meeting. The meeting minutes shall be well retained as important company records throughout the life of the Company.

The meeting minutes referred to in Paragraph 1 may be produced and distributed by means of electronic transmission.

Article 17 (Principle of authorization of the Board of Directors)

During the recess of the Board of Directors, the Chairman shall act on behalf of the Board in accordance with the objectives of the Company. When the Chairman of the Board for any reason is unable to exercise the powers of the Chairman, the Vice Chairman or other Directors of the Board shall act on his/her behalf in accordance with the Company's Articles of Incorporation and Article 208 of the Company Act.

Article 18 (Board of Managing Directors)

Provisions of Article 2, Paragraph 2 of Article 3, Article 4 to 6, Article 8 to 11, and Article 13 to 16 shall apply mutatis mutandis to the procedure for meetings of the Managing Directors of the Company. However, if the Managing Directors' meeting is scheduled to be convened within seven days, the notice to each Managing Director may be made two days in advance.

Article 19 (Supplemental provisions)

These Regulations Governing Procedure for Board of Directors' Meetings shall become effective upon approval by the Board of Directors' meeting. The same applies to amendments.

Article 20

These Regulations Governing Procedure for Board of Directors' Meetings were enacted on June 27, 2003. The 1st amendment was made on June 18, 2004. The 2nd amendment was made on March 20, 2007. The 3rd amendment was made on March 28, 2008. The 4th amendment was made on March 31, 2010. The 5th amendment was made on October 25, 2012. The 6th amendment was made on October 30, 2017. The 7th amendment was made on August 13, 2020.

Appendix 4 Rules of Procedure for Board of Directors' Meetings

Kaimei Electronic Corp.

Rules of Procedure for Board of Directors' Meetings

Before revocation

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors and to strengthen management capabilities, these Rules are established in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2 Unless otherwise prescribed by relevant laws and regulations or the Company's Articles of Incorporation, the Board of Directors' meeting of the Company shall be conducted in accordance with these Rules.
- Article 3 The Company's Board of Directors' meetings shall be convened quarterly. The reasons for calling the Board of Directors' meeting shall be notified to each Director and Supervisor at least seven days in advance in writing, or by facsimile, or email. In emergency circumstances, however, a meeting may be called at any time.
Matters described in the subparagraphs under Paragraph 2, Article 4 shall be set out in the meeting notice and may not be raised by extemporary motions, except in the case of an emergency or legitimate reason.
- Article 4 The Board of Directors of the Company shall appoint an agenda working group, which shall be specified in these Rules of Procedure for Board of Directors' Meetings.
The agenda working group shall prepare agenda items for the Board of Directors' meeting and provide sufficient meeting materials and send the same with the meeting notices.
When Directors consider the meeting materials provided to be insufficient, they may request the agenda working group to supplement the materials. When Directors consider the materials concerning any proposal to be insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.
- Article 4-1 The agenda items of regular Board meetings shall include at least the following matters:
1. Reports
 - (1) Minutes of the last meeting and actions taken.
 - (2) Important financial and business matters.
 - (3) Report of internal audit findings
 - (4) Other important matters.
 2. Discussions
 - (1) Items for continued discussion from the last meeting.
 - (2) Items for discussion at this meeting.
 3. Extemporaneous Motions
- Article 4-2 The Company shall propose the following matters to be discussed at the Board of Directors' meeting:
1. Corporate business plans.
 2. Annual financial reports.

3. Establishment or amendment of an internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
4. Establishment or amendment of procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
5. Offering, issuance or private placement of any equity based securities.
6. Appointment or dismissal of finance managers, accounting managers or chief internal auditors.
7. A donation to a related party or a major donation to a non-related party. However, a donation for charity or disaster relief for a major natural disaster may be submitted to the next Board of Directors' meeting for ratification.
8. Any matters required by Article 14-3 of the Securities and Exchange Act, and other laws and regulations or the Articles of Incorporation to be approved by resolution at the Shareholders' meeting or Board of Directors' meeting, or any significant matter required by the competent authorities.

Apart from matters referred to in Subparagraph 1 of the preceding paragraph, which are required to be submitted for discussion by the Board of Directors, when the Board of Directors delegates any exercise of its powers in accordance with the laws or regulations or the Company's Articles of Incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

The term "related party" as used in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that amount to NT\$100 million or more, or reach 1% of the net operating revenue or 5% of the paid-in capital as stated in the audited financial statement for the most recent fiscal year.

The term "within a one-year period" as used in the preceding paragraph refers to a period of one year calculated retroactively from the date on which the current Board of Directors' meeting is convened. Amounts already submitted to and passed by resolutions by the Board of Directors' meeting are exempted from inclusion in the calculation.

At least one Independent Director shall attend in person any meeting of the Board of Directors. With respect to a matter prescribed in Paragraph 1 that must be approved by resolutions by the Board of Directors' meeting, all Independent Directors shall attend the meeting in person or appoint another Independent Director to attend the meeting as a proxy. 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. When an Independent Director is unable to attend the meeting in person, a written opinion shall be issued in advance and recorded in the minutes of the Board of Directors' meeting, unless there is some legitimate reason to do otherwise.

Article 5 When the Board of Directors' meeting is convened, attendance registers shall be prepared for attending Directors to sign in for future reference.

Directors shall attend the Board of Directors' meeting in person. When Directors are unable to attend in person, they shall appoint another Director to attend the meetings as a proxy in accordance with the Company's Articles of Incorporation. Attendance by video conference shall be deemed as attendance in person.

When Directors appoint another Director to attend the meetings as a proxy, they shall in each case execute a power of attorney stating therein the scope of authorization with respect to the reasons for calling the meeting. One Director may only act in behalf of one other Director.

Article 6 The Board of Directors' meeting shall be held at the premises and during the business hours of the Company. However, the Board of Directors' meeting may be convened in other locations and at other times for the convenience of Directors.

Article 7 The Board of Directors' meeting of the Company shall be called and chaired by the Chairman of the Board. The first meeting of the Board of Directors of each term of office shall be convened by the Directors having the most voting power. The chairman of such meeting shall be appointed by the attending Directors from among themselves.

When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman of the Board shall act on his/her behalf. Where the position of Vice Chairman has not been created or the Vice Chairman is on leave or for any reason is unable to exercise the powers, the Chairman shall designate a Managing Director to act on his/her behalf. Where the position of Managing Director has not been created, the Chairman shall designate a Director to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Managing Directors or Directors from among themselves.

Article 8 When the Board of Directors' meeting is convened, management units shall prepare relevant materials and make them available for review by attending Directors at any time.

During the Board of Directors' meeting, personnel of relevant departments or subsidiaries may be invited to attend the meeting as nonvoting participants to report on the current business conditions of the Company and respond to inquiries raised by the Directors to enhance the Directors' understanding of the Company so as to pass appropriate resolutions. In addition, CPAs, attorneys, or other professionals may also be invited to attend meetings and to explain and provide expert opinions for the reference of the Board of Directors. However, they shall leave the meeting during the discussion and voting.

When Supervisors attend the Board of Directors' meeting to make explanatory statements as nonvoting participants, they may participate in discussions but are not eligible to vote on matters to be resolved by the Board of Directors.

- Article 9 The Company shall record the entire proceeding of the meeting in audio and video, and such files shall be kept for at least five years. The recordings may be retained in electronic form.
If litigation arises from the matters resolved in the Board of Directors' meeting before the retention period referred to in the preceding paragraph expires, the relevant audio or video recordings shall be retained until the conclusion of the litigation.
Where the Board of Directors' meeting is held via video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be retained throughout the life of the Company.
- Article 10 The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting and when a majority of the Directors are present. In the event that the meeting is attended by Directors representing less than half of the total Board members, the chairman may announce a postponement of the meeting, however, there may not be more than two postponements in total. In the event that the quorum is not met after two postponements, the chairman may announce the meeting suspended, and no tentative resolution may be passed.
If suspension of the meeting is announced by the chairman, a meeting shall be called again in accordance with the procedures set out in Article 3.
- Article 11 The Board of Directors' meeting shall proceed in accordance with the agenda specified in the meeting notices. However, the agenda may be changed with the approval of a majority of Directors present at the meeting.
The chairman may not declare the meeting adjourned without the approval of a majority of Directors present at the meeting.
During the proceeding of the Board of Directors' meeting, if the Directors sitting at the meeting are not more than half of the Directors in attendance, the chairman shall declare a suspension of the meeting upon motion by the Directors sitting at the meeting, in which case paragraph 1 of the preceding article shall apply *mutatis mutandis*.
- Article 12 After an attending Director has spoken, the chairman may respond in person or direct relevant personnel to respond, or appoint professionals to provide relevant and necessary information.
Where a Director has repeated his/her statements on the agenda or has diverged from the agenda, to the extent of affecting other Directors' turn for speech or hindering the meeting process, the chairman may stop the speech.
- Article 13 When the chairman deems that a proposal has been discussed thoroughly and ready for voting, the chairman may announce an end of discussion and bring the proposal to a vote.
When a proposal comes to a vote at the Board of Directors' meeting, it shall be deemed approved if no objection is voiced by all Directors present at the meeting following an inquiry by the chairman of the meeting. If, upon an inquiry by the chairman of the meeting, any Director expresses dissent, the proposal shall be brought to a vote.
The chairman shall decide to adopt which of the following voting methods. In the event that any attendee expresses dissent, the voting method shall be decided by a majority of the attendees.

1. Vote by a show of hands or a voting machine.
2. Vote by voicing votes.
3. Vote by casting ballots.
4. Vote by any method selected at the Company's discretion.

Except for the proposals of unanimous consent by all Directors present at the meeting upon inquiry by the chairman, the method of vote supervising and counting shall also be specified.

The term "all Directors present at the meeting" as used in the preceding two paragraphs shall not include Directors who are not entitled to exercise voting rights in accordance with Paragraph 1, Article 15.

Article 14 Unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the Directors attending the meeting.

When there is an amendment to or a substitute for a proposal, the chairman shall determine the order of voting for the original proposal, the amendment, and the substitute. When one among them is resolved, other proposals are deemed vetoed and no further voting process is required.

When persons supervising the casting of ballots and the persons counting the ballots are required for any proposal, they shall be designated by the chairman. However, the persons supervising the casting of the ballots shall be Directors.

The voting results shall be announced at the meeting and recorded in writing.

Where the resolutions adopted by the Board of Directors' meeting are of material information stipulated by the laws and regulations, the Company shall upload them to the Market Observation Post System (MOPS) within the prescribed time.

Article 15 Directors or the corporate holders they represent may express their opinions on and answer to matters for discussion at a meeting, but they shall recuse themselves from the discussion and voting on the matters set forth below, and shall also not exercise voting rights on behalf of any other Directors.

1. In the event that an agenda item represents a conflict of interest for Directors or for the corporate holder they represent, the Directors shall disclose the conflict at the meeting and refrain from discussion or vote on the matter if the conflict of interest is likely to impair the interests of the Company.

2. Matters that require recusal at the Directors' own discretion.

3. Matters that the Board of Directors deemed to require recusal.

In the resolution of the Board of Directors' meeting, all Directors present at the meeting shall still include Directors prohibited from exercising voting rights in the preceding paragraph.

Article 16 Minutes of the Board of Directors' meeting shall be made, in which the following shall be faithfully recorded:

1. The term, place and time of the meeting.
2. Name of the chairman of the meeting.

3. Attendance of Directors at the meeting, including the names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Reports.
7. Discussions: Method of resolution and results for each proposal, summary of opinions expressed by Directors, Supervisors, experts, and other personnel, names of Directors involved in the conflict of interests as referred to in the first paragraph of the preceding article, description of the important content of the interests, reasons for requirement of recusal, and the status of the recusal, objections or reservations with records or written statements, and written opinions issued by Independent Directors in accordance with Paragraph 4, Article 4-2.
8. Extemporaneous motions: Names of the mover, method of resolution and results for each motion, summary of opinions expressed by Directors, Supervisors, experts, and other personnel, names of Directors involved in the conflict of interests as referred to in the first paragraph of the preceding article, description of the important content of the interests, reasons for requirement of recusal, and the status of the recusal, and objections or reservations with records or written statements.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at the Board of Directors' meeting shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation System designated by the Financial Supervisory Commission:

- A. Any Independent Director expresses dissent or reservations which are on record or in a written statement.

The attendance register forms a part of the meeting minutes and shall be retained throughout the life of the Company.

The meeting minutes shall be signed or sealed by the chairman of the meeting and the minutes takers and distributed to each Director and Supervisor within 20 days after the meeting. The meeting minutes shall be well retained as important company records throughout the life of the Company.

The meeting minutes referred to in Paragraph 1 may be produced and distributed by means of electronic transmission.

Article 17 The establishment and amendment of these Rules of Procedure for Board of Directors' Meetings shall be approved by the Board of Directors and reported to the Shareholders' Meeting.

Article 18 These Rules of Procedure for Board of Directors' Meetings were enacted on June 27, 2003. The 1st amendment was made on June 18, 2004. The 2nd amendment was made on March 20, 2007. The 3rd amendment was made on March 28, 2008. The 4th amendment was made on March 31, 2010. The 5th amendment was made on October 25, 2012. The 6th amendment was made on October 30, 2017.

Appendix 5 Code of Ethical Conduct

Kaimei Electronic Corp.
Code of Ethical Conduct

Newly established

1. Purpose of and basis for establishment

To provide a set of guidelines of ethical conducts for the Company's Directors, Supervisors, and managerial officers (including general managers and their equivalents, assistant general managers and their equivalents, deputy assistant general managers and their equivalents, chief financial and chief accounting officers, and other persons authorized to manage the Company's affairs and sign documents on behalf of the Company) and disclose the Company's ethical standards to the stakeholders, this Code of Ethical Conduct are established in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies."

2. Content of the Code

The Company's Code of Ethical Conduct includes the following:

(1) Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a Director, Supervisor, or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which aforementioned personnel works. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Directors, Supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.

(2) Prevention of inappropriate profits derived from their positions:

The Company shall prevent its Directors, Supervisors or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain using company property or information or by taking advantage of their positions. (2) Obtaining personal gain using company property or information or by taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity to profit, the Directors, Supervisors or managerial officers shall be responsible for increasing the legitimate profits and interests of the Company therein.

(3) Confidentiality:

The Directors, Supervisors, and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

(4) Fair trade:

The Directors, Supervisors, and managerial officers of the Company shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(5) Protection for and proper use of company properties:

The Directors, Supervisors, and managerial officers of the Company have the responsibility to safeguard company properties and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the properties will all directly impact the Company's profitability.

(6) Compliance with laws and regulations:

Personnel of the Company shall comply with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

(7) Encouraging reporting on illegal or unethical activities:

The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of the law or the code of ethical conduct, and report same to the Supervisors, managerial officers, internal audit supervisors, or other appropriate personnel. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system, allow anonymous whistleblowing, and make employees aware that the Company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

(8) Disciplinary measures:

When Directors, Supervisors, or managerial officers violate the Code of Ethical Conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the codes, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Company shall also establish a relevant complaint system to provide the person who violates the code of ethical conduct with remedies.

3. Procedures for exemption

The Code of Ethical Conduct established by the Company must require that any exemption for Directors, Supervisors, or managerial officers from compliance with the Code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of Independent Directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the resolution by the Board of Directors to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

4. Method of disclosure

The Company shall disclose the Code of Ethical Conduct it has established and any amendments thereto on its company website, in its annual reports and prospectuses, and on MOPS.

5. Enforcement and amendment

This Code of Ethical Conduct of the Company shall become effective upon approval by the Board of Directors' meeting and shall be delivered to each Supervisor, and submitted to the shareholders' meeting. The same applies to amendments. This Code of Ethical Conduct was enacted on August 13, 2020.

Appendix 6 CPA Audit Report and Financial Statements

Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.):

Opinion

We have audited the consolidated financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") 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 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The loss allowance for trade receivables

For the accounting policy of allowance for trade receivables, please refer to Note 4(g)(i) 6 "impairment of financial assets" ; for the uncertainty of the evaluation of trade receivables, please refer to Note 5; for the related disclosure of the loss allowance of trade receivables, please refer to Note 6(e).

Description of key audit matter:

The management of the Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The management of the Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Such estimation involves the subjective judgment of the management. Thus, the assessment of loss allowance of trade receivables is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included testing the accuracy and completeness of the aging schedule, which are the basis for the calculation of impairment losses, assessing the reasonableness of the policy for measuring impairment losses, confirming if the provision rate of impairment losses is consistent with the accounting policy, testing the recoverability of receivables by vouching collection record in subsequent period, and, for the overdue receivables yet not recovered, understanding and assessing the reasonableness of the impairment losses measured on the basis of the customer's historical receipt status, with collateral or not, and overall economic condition.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2019, was audited by other auditors, who issued an unqualified audit report on March 18, 2020.

KAIMEI ELECTRONIC CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020, on which we have issued an unqualified opinion with other matters paragraph; KAIMEI ELECTRONIC CORP. has also prepared its parent-company-only financial statements as of and for the years ended 2019, on which other auditors have issued an unqualified opinion with emphasis of matters paragraph.

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

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

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

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

Auditors' 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 auditors' 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 auditors' 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Szu-Chuan Chien and Jui Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,418,105	10	932,565	8	2100	Short-term borrowings (note 6(m))	\$ 4,091,820	30	2,921,000	24
1110	Current financial assets at fair value through profit or loss (note 6(b))	726,959	5	724,178	6	2110	Short-term notes and bills payable (note 6(m))	199,962	2	79,971	1
1120	Current financial assets at fair value through other comprehensive income (note 6(c))	-	-	114,865	1	2130	Current contract liabilities (note 6(u))	15,566	-	3,555	-
1136	Current financial assets at amortized cost (notes 6(d) and 8)	3,799,810	28	4,180,394	34	2170	Trade payables (note 7)	866,023	6	670,407	5
1150	Notes receivable, net (notes 6(e) and 6(u))	206,359	2	224,806	2	2200	Other payables (notes 6(o) and 7)	438,088	3	532,987	4
1170	Trade receivables, net (notes 6(e), 6(u) and 7)	1,520,894	11	1,321,605	11	2230	Current tax liabilities	69,211	1	243,390	2
1200	Other receivables (notes 6(e), 6(f) and 7)	24,531	-	42,997	-	2280	Current lease liabilities (notes 6(p) and 7)	36,192	-	36,954	-
130X	Inventories (note 6(g))	792,799	6	763,070	6	2399	Other current liabilities	12,515	-	34,025	-
1460	Non-current assets classified as held for sale (note 6(j))	118,640	1	-	-			<u>5,729,377</u>	<u>42</u>	<u>4,522,289</u>	<u>36</u>
1470	Other current assets	38,401	-	65,950	-		Non-Current liabilities:				
		<u>8,646,498</u>	<u>63</u>	<u>8,370,430</u>	<u>68</u>	2540	Long-term borrowings (note 6(n))	-	-	100,000	1
	Non-current assets:					2570	Deferred tax liabilities (note 6(r))	269,645	2	298,992	2
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	731,254	5	-	-	2580	Non-current lease liabilities (notes 6(p) and 7)	47,588	-	64,096	1
1535	Non-current financial assets at amortized cost (notes 6(d) and 8)	-	-	1,212	-	2640	Net defined benefit liability, non-current (note 6(q))	2,169	-	3,295	-
1550	Investments accounted for using equity method (note 6(h))	2,311,407	17	1,813,039	15	2645	Guarantee deposits received	7,774	-	5,857	-
1600	Property, plant and equipment (notes 6(j) and 7)	1,180,272	9	1,331,806	11			<u>327,176</u>	<u>2</u>	<u>472,240</u>	<u>4</u>
1755	Right-of-use assets (note 6(k))	141,282	1	158,876	1		Total liabilities	<u>6,056,553</u>	<u>44</u>	<u>4,994,529</u>	<u>40</u>
1805	Goodwill (note 6(l))	486,749	4	486,749	4		Equity attributable to owners of parent (note 6(s)):				
1821	Intangible assets	42,223	-	31,345	-	3110	Ordinary shares	1,358,442	10	1,940,631	16
1840	Deferred tax assets (note 6(r))	115,555	1	95,116	1	3200	Capital surplus	4,218,195	31	3,747,130	31
1900	Other non-current assets (note 8)	42,927	-	46,824	-	3300	Retained earnings	2,228,144	16	1,765,852	14
		<u>5,051,669</u>	<u>37</u>	<u>3,964,967</u>	<u>32</u>	3400	Other equities	(170,343)	(1)	(202,230)	(2)
						3500	Treasury shares	(82,994)	(1)	(89,172)	(1)
							Total equity attributable to owners of parent:	<u>7,551,444</u>	<u>55</u>	<u>7,162,211</u>	<u>58</u>
						36XX	Non-controlling interests	90,170	1	178,657	2
							Total equity	<u>7,641,614</u>	<u>56</u>	<u>7,340,868</u>	<u>60</u>
Total assets		<u>\$ 13,698,167</u>	<u>100</u>	<u>12,335,397</u>	<u>100</u>		Total liabilities and equity	<u>\$ 13,698,167</u>	<u>100</u>	<u>12,335,397</u>	<u>100</u>

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(u) and 7)	\$ 4,466,552	100	4,547,218	100
5000 Operating costs (notes 6(g), 6(q) and 12)	3,310,374	74	3,405,810	75
5900 Gross profit from operations	1,156,178	26	1,141,408	25
6000 Operating expenses (notes 6(q), 7 and 12):				
6100 Selling expenses	179,165	4	211,198	5
6200 Administrative expenses	346,653	8	390,608	8
6300 Research and development expenses	82,101	2	96,230	2
6450 Expected credit impairment loss (gain) (notes 6(e) and 6(f))	(4,138)	-	3,095	-
	603,781	14	701,131	15
6900 Net operating income	552,397	12	440,277	10
7000 Non-operating income and expenses (notes 6(h), 6(w) and 7):				
7100 Interest income	96,556	2	177,685	4
7190 Other income	36,247	1	48,463	1
7020 Other gains and losses, net	(118,175)	(2)	224,024	5
7050 Finance costs	(32,625)	(1)	(34,450)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	123,909	3	45,838	1
7900 Profit from continuing operations before tax	658,309	15	901,837	20
7950 Income tax expenses (note 6(r))	76,916	2	327,826	7
Profit	581,393	13	574,011	13
8300 Other comprehensive income:				
8310 Items that may not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans (note 6(p))	585	-	1,574	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	167,537	4	13,359	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(2,123)	-	110	-
8349 Less: Income tax related to items that may not be reclassified to profit or loss (note 6(r))	117	-	315	-
	165,882	4	14,728	-
8360 Items that may be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(128,927)	(3)	(213,964)	(4)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(3,237)	-	-	-
8399 Less: Income tax related to items that may be reclassified to profit or loss (note 6(r))	2,265	-	(13,334)	-
Components of other comprehensive income that will be reclassified to profit or loss	(134,429)	(3)	(200,630)	(4)
8300 Other comprehensive income	31,453	1	(185,902)	(4)
8500 Total comprehensive income	\$ 612,846	14	388,109	9
8600 Profit attributable to:				
8610 Profit attributable to owners of parent	\$ 562,559	13	330,361	7
8620 Profit attributable to non-controlling interests	18,834	-	243,650	6
	\$ 581,393	13	574,011	13
8700 Comprehensive income attributable to:				
8710 Comprehensive income attributable to owners of parent	\$ 594,865	13	166,662	4
8720 Comprehensive income attributable to non-controlling interests	17,981	1	221,447	5
	\$ 612,846	14	388,109	9
Earnings per share (note 6(t))				
9750 Basic earnings per share		3.42		2.83
9850 Diluted earnings per share		3.42		2.82

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Other equities		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equities				Treasury shares
				Special reserve	Unappropriated retained earnings	Retained earnings							
Balance at January 1, 2019	\$ 915,183	245,053	98,782	56,010	2,337,355	2,492,147	(32,521)	(2,470)	(34,991)	-	3,617,392	4,073,477	7,690,869
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	174,912	-	(174,912)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(274,555)	(274,555)	-	-	-	-	(274,555)	-	(274,555)
Reversal of special reserve	-	-	-	(21,019)	21,019	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2019	-	-	-	-	330,361	330,361	-	-	-	-	330,361	243,650	574,011
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,369	1,369	(172,638)	7,570	(165,068)	-	(163,699)	(22,203)	(185,902)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	331,730	331,730	(172,638)	7,570	(165,068)	-	166,662	221,447	388,109
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,011	11,011
Other changes in capital surplus due to donated assets received	-	7	-	-	-	-	-	-	-	-	7	-	7
Shares issued for pursuant to acquisitions and changes in ownership interests in subsidiaries	1,025,448	3,502,070	-	-	(785,641)	(785,641)	-	-	-	(89,172)	3,652,705	(3,698,019)	(45,314)
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(429,259)	(429,259)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,171	2,171	-	(2,171)	(2,171)	-	-	-	-
Balance at December 31, 2019	1,940,631	3,747,130	273,694	34,991	1,457,167	1,765,852	(205,159)	2,929	(202,230)	(89,172)	7,162,211	178,657	7,340,868
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	33,036	-	(33,036)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	167,239	(167,239)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(96,977)	(96,977)	-	-	-	-	(96,977)	-	(96,977)
Profit for the year ended December 31, 2020	-	-	-	-	562,559	562,559	-	-	-	-	562,559	18,834	581,393
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(1,655)	(1,655)	(133,576)	167,537	33,961	-	32,306	(853)	31,453
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	560,904	560,904	(133,576)	167,537	33,961	-	594,865	17,981	612,846
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	110	-	-	(3,709)	(3,709)	-	-	-	-	(3,599)	(53,972)	(57,571)
Changes in ownership interests in subsidiaries	-	336	-	-	-	-	-	-	-	-	336	(336)	-
Changes in equity of associates and joint ventures accounted for using equity method	-	459,384	-	-	-	-	-	-	-	-	459,384	-	459,384
Capital reduction	(582,189)	-	-	-	-	-	-	-	-	6,178	(576,011)	-	(576,011)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	974	-	-	-	-	-	-	-	-	974	-	974
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,160)	(52,160)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,074	2,074	-	(2,074)	(2,074)	-	-	-	-
Disgorgement	-	10,261	-	-	-	-	-	-	-	-	10,261	-	10,261
Balance at December 31, 2020	\$ 1,358,442	4,218,195	306,730	202,230	1,719,184	2,228,144	(338,735)	168,392	(170,343)	(82,994)	7,551,444	90,170	7,641,614

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 658,309	901,837
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	203,501	209,805
Amortization expense	31,939	22,450
Expected credit (gain) loss	(4,138)	3,095
Net gain on financial assets or liabilities at fair value through profit or loss	(4,539)	(116,572)
Interest expense	32,625	34,450
Interest income	(96,556)	(177,685)
Dividend income	(577)	(12,277)
Share of profit of associates and joint ventures accounted for using equity method	(123,909)	(45,838)
Gain on disposal of property, plant and equipment	(8,319)	(25,682)
Gain on disposal of non-current assets classified as held for sale	-	(79,849)
Gain on disposal of investments accounted for using equity method	-	(3,737)
Others	819	(372)
Total adjustments to reconcile profit (loss)	30,846	(192,212)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	18,661	(102,997)
(Increase) decrease in trade receivables	(195,465)	218,801
Decrease in other receivables	9,288	5,153
(Increase) decrease in inventories	(29,729)	191,582
Decrease in other current assets	7,522	127,916
Increase (decrease) in contract liabilities	12,011	(9,885)
Increase (decrease) in notes and trade payables	195,616	(119,952)
Decrease in other payables	(64,141)	(286,279)
(Decrease) increase in other current liabilities	(21,510)	18,310
Decrease in net defined benefit liability	(541)	(2,701)
Total adjustments	(37,442)	(152,264)
Cash inflow generated from operations	620,867	749,573
Interest received	115,668	174,970
Dividends received	43,386	116,946
Interest paid	(31,590)	(33,847)
Income taxes paid	(258,248)	(134,510)
Net cash flows from operating activities	490,083	873,132
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(471,291)	(531,856)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,439	25,290
Acquisition of financial assets at amortized cost	(3,799,810)	(4,722,687)
Proceeds from disposal of financial assets at amortized cost	4,143,461	4,449,522
Acquisition of financial assets at fair value through profit or loss	(1,301,548)	(1,603,147)
Proceeds from disposal of financial assets at fair value through profit or loss	1,314,587	2,218,470
Acquisition of investments accounted for using equity method	(6,053)	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,708
Proceeds from capital reduction of investments accounted for using equity method	42,809	-
Proceeds from disposal of non-current assets classified as held for sale	-	398,216
Acquisition of property, plant and equipment	(192,886)	(147,678)
Proceeds from disposal of property, plant and equipment	19,189	41,648
Acquisition of intangible assets	(23,077)	(27,494)
Others	2,885	(3,244)
Net cash (used in) flows from investing activities	(249,295)	106,748
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,170,820	(182,967)
Increase (decrease) in short-term notes and bills payable	119,991	(169,980)
Proceeds from long-term borrowings	-	540,000
Repayments of long-term borrowings	(100,000)	(560,000)
Decrease in guarantee deposits received	1,917	(8,117)
Payment of lease liabilities	(34,374)	(27,493)
Cash dividends paid	(96,003)	(274,555)
Capital reduction payments to shareholders	(576,011)	-
Subsidiaries capital reduction payments to non-controlling interests	-	(188,988)
Acquisition of ownership interests in subsidiaries	(66,171)	(26,021)
Disposal of ownership interests in subsidiaries	8,600	-
Change in non-controlling interests	(52,160)	(392,227)
Net cash flows from (used in) financing activities	376,609	(1,290,348)
Effect of exchange rate changes on cash and cash equivalents	(131,857)	(110,289)
Net increase (decrease) in cash and cash equivalents	485,540	(420,757)
Cash and cash equivalents at beginning of period	932,565	1,353,322
Cash and cash equivalents at end of period	\$ 1,418,105	932,565

Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.):

Opinion

We have audited the financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) (“the Company”), which comprise the balance sheets as of December 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for 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 Auditors' Responsibilities for the Audit of the 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 of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The loss allowance for trade receivables of the Company and its subsidiaries investments accounted for using equity method

For the accounting policy of allowance for trade receivables, please refer to Note 4(g)(i) 6 “impairment of financial assets”; for the uncertainty of the evaluation of trade receivables, please refer to Note 5; for the related disclosure of the loss allowance of trade receivables, please refer to Note 6(d).

Description of key audit matter:

The management of the Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The management of the Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Such estimation involves the subjective judgment of the management. Thus, the assessment of loss allowance of trade receivables is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included testing the accuracy and completeness of the aging schedule, which are the basis for the calculation of impairment losses, assessing the reasonableness of the policy for measuring impairment losses, confirming if the provision rate of impairment losses is consistent with the accounting policy, testing the recoverability of receivables by vouching collection record in subsequent period, and, for the overdue receivables yet not recovered, understanding and assessing the reasonableness of the impairment losses measured on the basis of the customer's historical receipt status, with collateral or not, and overall economic condition.

Other Matter

The financial statements of the Company for the year ended December 31, 2019, was audited by other auditors, who issued an unqualified audit report on March 18, 2020.

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

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

In preparing the 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 supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Szu Chuan Chien and Jui Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2021

Notes to Readers

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

(English Translation of Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 552,168	4	172,828	2	2100	Short-term borrowings (note 6(i))	\$ 3,417,820	28	2,481,000	23
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and 8)	-	-	114,865	1	2130	Current contract liabilities (note 6(o))	15,154	-	928	-
1136	Current financial assets at amortized cost (notes 6(c) and 8)	502,672	4	482,078	5	2170	Trade payables	605	-	1,005	-
1150	Notes receivable, net (notes 6(d) and 6(o))	2,627	-	6,718	-	2180	Trade payables to related parties (note 7)	455,512	4	466,487	4
1170	Trade receivables, net (notes 6(d), 6(o) and 7)	260,191	2	138,150	1	2200	Other payables (notes 6(j) and 7)	596,953	4	138,934	2
1200	Other receivables (notes 6(e) and 7)	77,183	1	124,623	1	2230	Current tax liabilities	1,173	-	168,464	2
130X	Inventories (note 6(f))	5,726	-	9,092	-	2300	Other current liabilities (note 7)	120,814	1	120,910	1
1470	Other current assets	3,237	-	2,575	-			4,608,031	37	3,377,728	32
		1,403,804	11	1,050,929	10						
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	731,254	6	-	-	2570	Deferred tax liabilities (note 6(l))	196,929	2	186,557	2
1550	Investments accounted for using equity method (note 6(g))	10,014,581	81	9,467,126	88	2640	Net defined benefit liability, non-current (note 6(k))	2,169	-	3,295	-
1600	Property, plant and equipment (notes 6(h) and 8)	187,151	1	196,983	2	2670	Other non-current liabilities (note 7)	49,592	-	53,381	-
1840	Deferred tax assets (note 6(l))	67,223	1	56,968	-			248,690	2	243,233	2
1900	Other non-current assets (note 8)	4,152	-	11,166	-			4,856,721	39	3,620,961	34
		11,004,361	89	9,732,243	90						
						Total liabilities					
Total assets		\$ 12,408,165	100	10,783,172	100	Equity (note 6(m)):					
						3110	Ordinary shares	1,358,442	11	1,940,631	18
						3200	Capital surplus	4,218,195	34	3,747,130	35
						3300	Retained earnings	2,228,144	18	1,765,852	16
						3400	Other equities	(170,343)	(1)	(202,230)	(2)
						3500	Treasury shares	(82,994)	(1)	(89,172)	(1)
							Total equity	7,551,444	61	7,162,211	66
						Total liabilities and equity		\$ 12,408,165	100	10,783,172	100

(English Translation of Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(o) and 7)	\$ 926,183	100	712,538	100
5000 Operating costs (notes 6(f), 6(p) and 12)	779,374	84	562,723	79
5900 Gross profits	<u>146,809</u>	16	<u>149,815</u>	21
6000 Operating expenses (notes 6(d), 6(e), 6(k), 6(p), 7 and 12):				
6100 Selling expenses	32,937	4	37,176	5
6200 Administrative expenses	113,897	12	129,316	18
6300 Research and development expenses	3,467	-	6,407	1
6450 Expected credit impairment loss (gain)	(980)	-	412	-
	<u>149,321</u>	16	<u>173,311</u>	24
6900 Net operating income (loss)	<u>(2,512)</u>	-	<u>(23,496)</u>	(3)
7000 Non-operating income and expenses (notes 6(g), 6(q) and 7):				
7100 Interest income	12,115	1	17,404	2
7190 Other income	17,998	2	84,438	12
7020 Other gains and losses, net	(30,901)	(3)	202,068	28
7060 Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	591,093	64	481,360	68
7050 Finance costs (note 7)	(23,402)	(3)	(22,162)	(3)
7900 Profit from continuing operations before tax	564,391	61	739,612	104
7950 Less: Income tax expenses (note 6(l))	1,832	-	215,890	31
	<u>562,559</u>	61	<u>523,722</u>	73
8160 Profit (loss) from continuing operations				
Profit attributable to former owner of business combination under common control	-	-	(193,361)	(27)
Total profit (loss) from discontinued operations	<u>-</u>	-	<u>(193,361)</u>	(27)
Profit	<u>562,559</u>	61	<u>330,361</u>	46
8300 Other comprehensive income (notes 6(g), 6(k) and 6(l)):				
8310 Items that may not be reclassified to profit or loss:				
8311 Gains (losses) on remeasurements of defined benefit plans	585	-	1,574	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	167,537	18	13,411	2
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(2,123)	-	110	-
8349 Income tax related to items that may not be reclassified to profit or loss	117	-	315	-
	<u>165,882</u>	18	<u>14,780</u>	2
8360 Items that may be reclassified to profit or loss:				
8361 Exchange differences on translation of foreign financial statements	(139,112)	(15)	(161,521)	(23)
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	5,536	1	(56,877)	(8)
8399 Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	<u>(133,576)</u>	(14)	<u>(218,398)</u>	(31)
8300 Other comprehensive income	<u>32,306</u>	4	<u>(203,618)</u>	(29)
8400 Comprehensive income attributable to former owner of business combination under common control	<u>-</u>	-	<u>(39,919)</u>	(6)
8500 Total comprehensive income	<u>\$ 594,865</u>	<u>65</u>	<u>\$ 166,662</u>	<u>23</u>
Earnings per share (note 6(n)):				
9750 Basic earnings per share	<u>\$ 3.42</u>		<u>2.83</u>	
9850 Diluted earnings per share	<u>\$ 3.42</u>		<u>2.82</u>	

(English Translation of Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Other equities		Treasury shares	Equity attributable to former owner of business combination under common control	Total equity	
				Special reserve	Unappropriated retained earnings		Retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				Total other equities
Balance at January 1, 2019	\$ 915,183	245,053	98,782	56,010	2,337,355	2,492,147	(32,521)	(2,470)	(34,991)	-	3,832,820	7,450,212
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	174,912	-	(174,912)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(274,555)	(274,555)	-	-	-	-	-	(274,555)
Reversal of special reserve	-	-	-	(21,019)	21,019	-	-	-	-	-	-	-
Profit (loss) for the year ended December31, 2019	-	-	-	-	330,361	330,361	-	-	-	-	193,361	523,722
Other comprehensive income (loss) for the year ended December31, 2019	-	-	-	-	1,369	1,369	(172,638)	7,570	(165,068)	-	(39,919)	(203,618)
Total comprehensive income (loss) for the year ended December31, 2019	-	-	-	-	331,730	331,730	(172,638)	7,570	(165,068)	-	153,442	320,104
Other changes in capital surplus due to donated assets received	-	7	-	-	-	-	-	-	-	-	-	7
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,171	2,171	-	(2,171)	(2,171)	-	-	-
Shares issued for pursuant to acquisitions and changes in ownership interests in subsidiaries	1,025,448	3,502,070	-	-	(785,641)	(785,641)	-	-	-	(89,172)	(3,651,233)	1,472
Change in equity attributable to the former owner of business combination under common control	-	-	-	-	-	-	-	-	-	-	(335,029)	(335,029)
Balance at December 31, 2019	1,940,631	3,747,130	273,694	34,991	1,457,167	1,765,852	(205,159)	2,929	(202,230)	(89,172)	-	7,162,211
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	33,036	-	(33,036)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	167,239	(167,239)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(96,977)	(96,977)	-	-	-	-	-	(96,977)
Profit (loss) for the year ended December31, 2020	-	-	-	-	562,559	562,559	-	-	-	-	-	562,559
Other comprehensive income (loss) for the year ended December31, 2020	-	-	-	-	(1,655)	(1,655)	(133,576)	167,537	33,961	-	-	32,306
Total comprehensive income (loss) for the year ended December31, 2020	-	-	-	-	560,904	560,904	(133,576)	167,537	33,961	-	-	594,865
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	110	-	-	(3,709)	(3,709)	-	-	-	-	-	(3,599)
Changes in ownership interests in subsidiaries	-	336	-	-	-	-	-	-	-	-	-	336
Changes in equity of associates and joint ventures accounted for using equity method	-	459,384	-	-	-	-	-	-	-	-	-	459,384
Capital reduction	(582,189)	-	-	-	-	-	-	-	-	6,178	-	(576,011)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	974	-	-	-	-	-	-	-	-	-	974
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,074	2,074	-	(2,074)	(2,074)	-	-	-
Disorgement	-	10,261	-	-	-	-	-	-	-	-	-	10,261
Balance at December 31, 2020	\$ 1,358,442	4,218,195	306,730	202,230	1,719,184	2,228,144	(338,735)	168,392	(170,343)	(82,994)	-	7,551,444

(English Translation of Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 564,391	739,612
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,741	13,478
Amortization expense	5,989	5,844
Gain (loss) on reversal of expected credit impairment loss	(980)	412
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	14,113	(114,273)
Interest expense	23,402	22,162
Interest income	(12,115)	(17,404)
Dividend income	(577)	(12,277)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(591,093)	(481,360)
Gain on disposal of property, plant and equipment	(350)	(6,746)
Gain on disposal of non-current assets classified as held for sale	-	(79,849)
Others	3,671	(3,835)
Total adjustments to reconcile profit (loss)	<u>(545,199)</u>	<u>(673,848)</u>
Changes in operating assets and liabilities:		
Decrease in notes receivable	4,134	1,387
(Increase) decrease in trade receivables	(121,104)	54,786
Decrease (increase) in other receivables	114,925	(53,243)
Decrease (increase) in inventories	3,366	(1,074)
Increase in other current assets	(662)	(619)
Increase (decrease) in contract liabilities	14,226	(11,610)
Decrease in trade payables	(11,375)	(152,654)
Increase (decrease) in other payables	142,452	(353,699)
Decrease in other current liabilities	(148)	(5,187)
Decrease in net defined benefit liability	(541)	(2,071)
Total changes in operating assets and liabilities	<u>145,273</u>	<u>(523,984)</u>
Cash inflow (outflow) generated from operations	164,465	(458,220)
Interest received	13,921	15,439
Dividends received	577	12,277
Interest paid	(22,897)	(22,041)
Income taxes paid	(169,123)	(25,260)
Net cash flows used in operating activities	<u>(13,057)</u>	<u>(477,805)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(471,291)	(506,514)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,439	-
Acquisition of financial assets at amortized cost	(502,672)	(482,078)
Proceeds from disposal of financial assets at amortized cost	482,078	543,655
Acquisition of financial assets at fair value through profit or loss	(400,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	385,887	714,459
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,708
Acquisition of investments accounted for using equity method	(6,053)	-
Proceeds from disposal of investments accounted for using equity method	-	3,737
Proceeds from capital reduction of investments accounted for using equity method	30,585	-
Proceeds from disposal of non-current assets classified as held for sale	-	398,216
Acquisition of property, plant and equipment	(1,055)	(253)
Proceeds from disposal of property, plant and equipment	599	8,843
Acquisition of intangible assets	(591)	(3,925)
Decrease in other non-current assets	(122)	(1,175)
Dividends received	279,921	483,042
Net cash flows (used in) from investing activities	<u>(180,275)</u>	<u>1,167,715</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short term borrowings	936,820	(144,000)
Decrease in guarantee deposits received	(59)	(10,998)
Increase in other payables to related parties	315,062	-
Payment of lease liabilities	(315)	(1,262)
Cash dividends paid	(96,977)	(274,555)
Capital reduction payments to shareholders	(581,859)	-
Dividends paid to equity attributable to former owner of business combination under common control	-	(335,029)
Net cash flows from (used in) financing activities	<u>572,672</u>	<u>(765,844)</u>
Effect of exchange rate changes on cash and cash equivalents	-	(28,119)
Net increase (decrease) in cash and cash equivalents	379,340	(104,053)
Cash and cash equivalents at beginning of period	172,828	276,881
Cash and cash equivalents at end of period	<u>\$ 552,168</u>	<u>172,828</u>

Appendix 7 Comparison Table of Amendments to Articles of Incorporation

Kaimei Electronic Corp.

Comparison Table of Amendments to Articles of Incorporation

Article	Article before amendment	Article after amendment	Description of amendment
Article 16	Paragraph 1 to Paragraph 4: Omitted.	Paragraph 1 to Paragraph 4: Omitted. <u>The Company's Board of Directors may establish other functional committees, and the regulations for the exercise of power shall be set by the Board of Directors.</u> <u>The Company's Board of Directors shall establish an Audit Committee, composed of the entire number of Independent Directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.</u> <u>The Audit Committee's duties, organizational rules, exercising of power, and other matters for compliance shall be handled in accordance with relevant laws and regulations or Articles of Incorporation.</u> <u>Positions of Supervisors and regulations concerning Supervisors in these Articles have been abolished on the date of establishment of the Audit Committee.</u>	The amendments are made in accordance with provisions regarding establishment of the Audit Committee in Article 14-4 of the Securities and Exchange Act.
Article 31	These Articles of Incorporation were enacted on August 25, 1978. ...(Omitted) The 29th amendment was made on June 2, 2015. The 30th amendment was made on June 3, 2016. The 31st amendment was made on June 2, 2017. The 32nd amendment was made on June 5, 2018. The 33rd amendment was made on June 5, 2019. (Article 1 of these Articles of Incorporation takes effect from the reference date of the merger). The 34th amendment was made on June 5, 2020.	These Articles of Incorporation were enacted on August 25, 1978. ...(Omitted) The 29th amendment was made on June 2, 2015. The 30th amendment was made on June 3, 2016. The 31st amendment was made on June 2, 2017. The 32nd amendment was made on June 5, 2018. The 33rd amendment was made on June 5, 2019. (Article 1 of these Articles of Incorporation takes effect from the reference date of the merger). The 34th amendment was made on June 5, 2020. <u>The 35th amendment was made on May 31, 2021.</u>	To include the latest date of amendment.

Appendix 8 Articles of Incorporation

Kaimei Electronic Corp. **Articles of Incorporation**

Amendment Date June 5, 2020. Before Amendment

Chapter 1 General Provisions

- Article 1 The Company is organized under the Company Act as a company limited by shares and named 凱美電機股份有限公司. The Company's English name is Kaimei Electronic Corp.
- Article 2 The Company engages in the following businesses:
1. CB01010 Mechanical Equipment Manufacturing
 2. CB01990 Other Machinery Manufacturing
 3. CC01010 Manufacture of Power Generation, Transmission, and Distribution Machinery
 4. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 5. CB01010 Lighting Equipment Manufacturing
 6. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 7. CC01080 Electronics Components Manufacturing
 8. CB01010 Computer and Peripheral Equipment Manufacturing
 9. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 10. CD01030 Motor Vehicles and Parts Manufacturing
 11. CD01040 Motorcycles and Parts Manufacturing
 12. F113010 Wholesale of Machinery
 13. Deleted
 14. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts and Accessories
 15. F119010 Wholesale of Electronic Materials
 16. F213010 Retail Sale of Electrical Appliances
 17. F213030 Retail Sale of Computers and Clerical Machinery Equipment
 18. F213060 Retail Sale of Telecommunication Apparatus
 19. F213080 Retail Sale of Other Machinery and Equipment
 20. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts and Accessories
 21. F219010 Retail Sale of Electronic Materials
 22. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may provide guarantees for companies in the same industry.
- Article 2-2 As the Company is a shareholder of limited liability in other companies, the total amount of its investments is not subject to the investment limitation specified in Article 13 of the Company Act.
- Article 3 The Company was incorporated in New Taipei City. If necessary, branches, factories, or offices may be set up in other appropriate places at home and abroad and the establishment, removal or relocation shall be determined by the Board of Directors.
- Article 4 Public announcements of the Company shall be made in accordance with the Company Act.

Chapter 2 Shares

- Article 5 The total capital amount of the Company is 5.7 billion New Taiwan Dollars (NT\$5,700,000,000), which is divided into 570 million (570,000,000) shares with a par value of ten New Taiwan Dollars (NT\$10) each and will be issued in installments by the Board of Directors.
- NT\$100 million of the capital referred to in the preceding paragraph shall be retained for issuance of employee stock option, 10 million shares in total, and may be issued in installments in accordance with resolutions by the Board of Directors.
- Article 6 The Company's shares shall be registered and numbered, and shall bear the signatures or personal seals of at least three Directors, and be issued upon certification in accordance with the law. The Company may be exempted from printing any share certificate for the shares issued. The Company not printing its share shall register the issued shares with a centralized securities depository enterprise.
- Article 7 Unless otherwise prescribed by the competent authority, the Company shall handle stock affairs in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 8 Registration for the transfer of shares shall be completed 60 days before the date of each annual shareholders' meeting, 30 days before the date of each special shareholders' meeting, or five days before the date on which dividends, bonus, or any other distributions will be paid or made by the Company.

Chapter 3 Shareholders' Meetings

- Article 9 There are two types of shareholders' meetings of the Company, the annual meeting and special meeting. The former shall be convened annually within six months from the closing of each fiscal year. The latter shall be convened in accordance with the law whenever the Company deems necessary.
- Article 10 The notices for shareholders' meetings shall set out the discussion items of the meeting and be given to all shareholders 30 days in advance of an annual meeting and 15 days in advance of a special meeting. For shareholders holding less than 1,000 registered shares, notification shall be made by announcements.
- Article 11 A shareholder shall appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."
- Article 11-1 When the shareholders' meeting is held, in addition to the Company Act and these Articles of Incorporation, the Company shall follow the Rules of Procedure for Shareholders' Meetings of the Company.
- Article 12 The shareholders' meeting shall be convened by the Board of Directors and chaired by the Chairman of the Board. When the Chairman of the Board is absent, one of the Directors shall be appointed to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Directors from among themselves. When a meeting is convened by any other person having convening right, he/she will act as the chairman of the meeting. If one or more persons have convening right, the chairman of the meeting shall be elected from among themselves.

- Article 13 Unless otherwise provided for in the Company Act, resolutions shall be adopted by a majority vote at a meeting which is attended by shareholders who represent a majority of the total number of voting shares.
- Article 13-1 Shareholders may exercise their voting power in writing or by way of electronic transmission in accordance with applicable laws and regulations prescribed by the competent authority.
- Article 14 All shareholders are entitled to one vote for every share held, except for the circumstances stipulated in Article 179 of the Company Act where shares have no voting power.
- Article 15 Resolutions made at the shareholders' meetings shall be recorded as minutes of the meeting, in which the date, venue, name of the chairman, method of resolution, and summary and results of meeting proceedings shall be recorded and signed or sealed by the chairman of the meeting. The minutes shall be distributed to each shareholder within 20 days after the shareholders' meeting. The meeting minutes referred to in the preceding paragraph may be produced and distributed by means of announcements. The meeting minutes referred to in the preceding paragraph shall be retained throughout the life of the Company. The attendance register bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept for at least one year.

Chapter 4 Directors and Supervisors

- Article 16 The Company will have a Board of Directors consisting of five to nine Directors and two to three Supervisors. Each Director and Supervisor will serve an office term of three years and may be re-elected.

Election of the Company's Directors and Supervisors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

In the quota of Directors to be elected, Independent Directors shall be at least two, representing one fifth or more of all Directors. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the Independent Directors, and other related matters shall comply with the Securities and Exchange Act and applicable laws and regulations prescribed by the competent authority. The Company may purchase liability insurance for Directors and Supervisors with respect to liabilities arising from exercising their duties during their term of office.

Remuneration of Directors and Supervisors of the Company shall be determined by the Board of Directors with authorization and may be paid based on prevailing rates in the industry. If the Company makes profits, remuneration shall be distributed in accordance with Article 27.

- Article 17 The total number of shares held by all Directors and Supervisors in the Company's registered shares shall not be less than the amount specified by the competent authority.
- Article 18 The Board of Directors shall elect a Chairman of the Board by a majority of the Directors at a meeting attended by over two-thirds of the Directors. A Vice Chairman of the Board shall be elected in the same manner.

- Article 19 The Chairman shall represent the Company to organize and manage all matters of the Company. When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the Chairman, one of the Directors shall be appointed to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Directors from among themselves.
- Article 20 The Company's business policy and other material issues shall be determined by the Board of Directors. In addition to the functional duties and power conferred by the Company Act and the shareholders' meeting, the duties of the Board shall include the following:
1. Acquisition or disposal of assets shall be handled in accordance with the Company's "Procedures for Acquisition or Disposal of Assets."
 2. Loans of funds, guarantees, acceptance, advance, or other debt financing exceeding NT\$50 million between the Company and financial institution or the third party shall be approved by the Board of Directors. The Chairman shall be authorized to execute the revolving action within a certain monetary limit resolved by the Board of Directors. The execution, however, shall be submitted to the next meeting of the Board of Directors for notification.
 3. Endorsements for others shall be handled in accordance with the Company's "Procedures for Endorsement and Guarantee."
 4. Cooperation agreement and acquisition or transfer of professional technologies(as required by Article 4 of the Technical Cooperation Act), patents, trademarks, copyrights, or agency rights shall be approved by the Board of Directors.
- Article 20-1 The first meeting of the Board of Directors of each term of office shall be convened and chaired by the Directors having the most voting power. The rest of the meetings of the Board of Directors shall be convened and chaired by the Chairman of the Board. When the Chairman of the Board is absent, one of the Directors shall be appointed to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Directors from among themselves.
- Article 21 If a Director is unable to attend a meeting of the Board of Directors in person, the Director may appoint another Director to act on his/her behalf in writing. One Director may only act on behalf of one other Director.
- Article 22 Unless otherwise provided for in the Company Act, resolutions shall be adopted by a majority vote at a meeting which is attended by Directors who represent a majority of the Directors holding office. The meeting minutes shall be signed or sealed by the chairman of the meeting and distributed to each Director within 20 days after the meeting. The minutes referred to in the preceding paragraph along with the attendance register bearing the signatures of Directors present at the meeting and the powers of attorney of the proxies shall be kept by the Company.
- Article 22-1 The reasons for calling a Board of Directors meeting shall be notified to each Director and Supervisor at least seven days in advance in writing, or by facsimile, email, or other methods. In emergency circumstances, however, a meeting may be called at any time.
- Article 23 Supervisors of the Company shall exercise their right of supervision in accordance with the law. Supervisors of the Company shall attend the meeting of the Board of Directors to express their opinions; however, they are not eligible to vote.

Chapter 5 Managerial Officers

Article 24 The Company shall have one Vice Chairman, one President and a number of managerial officers.

Chapter 6 Accounting

Article 25 The fiscal year of the Company shall start from January 1 to December 31 of each year.

Article 26 At the end of each fiscal year, the Board of Directors shall prepare the following documents and shall forward the same to the Audit Committee for auditing no later than 30 days prior to the meeting date of the annual shareholders' meeting:

1. Business report.
2. Financial statements.
3. Proposals of surplus earnings distribution or loss make-up.

Article 27 If the Company makes profits in the fiscal year (the so-called profit refers to the profit before tax and before compensation distribution to the employees, Directors, and Supervisors), no less than 0.2% of the profit shall be appropriated for employees' compensation and no higher than 4% for compensations of the Directors. The compensation distribution to the employees, Directors, and Supervisors shall be reported to the shareholders' meeting. When there are accumulated losses, the Company shall reserve a sufficient amount to offset such losses.

The compensation to the employees may be distributed in cash or stock, eligible personnel includes employees of subsidiaries of the Company meeting the requirements set by the Board of Directors. The compensation distribution to the employees, Directors, and Supervisors shall be resolved by the Board of Directors.

Where the Company has a profit at the end of each fiscal year, the Company shall first offset losses and then distribute the earnings in the following order:

1. Set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply.
2. Appropriate special reserve in accordance with the law.
3. With the balance after deductions in the preceding paragraphs together with retained earnings from preceding years, the Board of Directors shall submit the earnings distribution proposal to the shareholders' meeting for a resolution.

The policy of dividend distribution shall be based on the most consideration of shareholders' rights and interests, taking into account the current and future domestic and foreign industry competition, investment environment and capital demand of the Company. The Board of Directors shall be authorized to draft percentage of earnings distribution in cash and stock dividends and make the proposal to the shareholders' meeting for a resolution.

Article 28 Legal reserve shall be handled in accordance with the Company Act and applicable laws and regulations prescribed by the competent authority.

Chapter 7 Supplemental Provisions

- Article 29 The wage and allowances of employees shall be proposed by the President to the Chairman for approval pursuant to the Company's guidelines for employee wage and salary and shall be paid regardless of profit or loss.
- Article 30 Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and applicable laws and regulations.
- Article 31 These Articles of Incorporation were enacted on August 25, 1978.
- The 1st amendment was made on June 10, 1981.
- The 2nd amendment was made on May 13, 1985.
- The 3rd amendment was made on May 9, 1987.
- The 4th amendment was made on March 21, 1988.
- The 5th amendment was made on March 22, 1989.
- The 6th amendment was made on September 27, 1989.
- The 7th amendment was made on March 28, 1990.
- The 8th amendment was made on May 18, 1991.
- The 9th amendment was made on August 30, 1991.
- The 10th amendment was made on May 29, 1992.
- The 11th amendment was made on May 29, 1993.
- The 12th amendment was made on May 14, 1994.
- The 13th amendment was made on May 13, 1995.
- The 14th amendment was made on June 15, 1996.
- The 15th amendment was made on March 5, 1997.
- The 16th amendment was made on November 11, 1997.
- The 17th amendment was made on March 16, 1998.
- The 18th amendment was made on July 21, 1998.
- The 19th amendment was made on March 20, 1999.
- The 20th amendment was made on June 13, 2000.
- The 21st amendment was made on May 22, 2001.
- The 22nd amendment was made on April 22, 2002.
- The 23rd amendment was made on June 18, 2004.
- The 24th amendment was made on June 14, 2005.
- The 25th amendment was made on June 23, 2006.
- The 26th amendment was made on June 25, 2010.
- The 27th amendment was made on June 6, 2012.
- The 28th amendment was made on June 11, 2013.
- The 29th amendment was made on June 2, 2015.
- The 30th amendment was made on June 3, 2016.
- The 31st amendment was made on June 2, 2017.
- The 32nd amendment was made on June 5, 2018.
- The 33rd amendment was made on June 5, 2019.
- (Article 1 of these Articles of Incorporation takes effect from the reference date of the merger).
- The 34th amendment was made on June 5, 2020.

Appendix 9 Comparison Table of Amendments to Rules of Procedure for Shareholders' Meetings

Kaimei Electronic Corp.

Comparison Table of Amendments to Rules of Procedure for Shareholders' Meetings

Article before amendment	Article after amendment	Description of amendment
<p>1-1 Paragraph 1 (Omitted) The reasons for convening the shareholders' meeting shall be indicated in the public announcement and notice; and the notice may be given by means of electronic transmission, after obtaining a consent from the recipient thereof. The election or dismissal of Directors and Supervisors, amendments to the Articles of Incorporation, capital reduction, delisting application, removal of non-compete restriction for Directors, capital increase out of earnings, capital increase out of capital reserve, the dissolution, merger, spin off of the Company, or matters stipulated in Paragraph 1, Article 185 of the Company Act shall be listed and the essential contents shall be explained among the reasons for calling the meeting and may not be raised as extemporary motions. <u>The essential contents may be posted on websites designated by the competent securities authority or the Company, and the websites shall be clearly stated in the notice.</u></p> <p>Where the reasons for calling the shareholders' meeting specify the re-election of Directors and Supervisors and their inauguration date, after the re-election completed in the shareholders' meeting, the inauguration date may not be changed by extemporary motions or other means in the same meeting.</p> <p>Any shareholder holding 1% or more of the total number of issued shares may submit a proposal to the Company for discussion at an annual shareholders' meeting. However, the number of items so proposed is limited to one only, and a proposal containing more than one item shall not be included in the meeting agenda. <u>In the event of such proposal is made to urge the Company to promote public interests or fulfill its social responsibilities, the proposal may still be included in the meeting agenda for discussion at an annual shareholders'</u></p>	<p>1-1 Paragraph 1 (Omitted) The reasons for convening the shareholders' meeting shall be indicated in the public announcement and notice; and the notice may be given by means of electronic transmission, after obtaining a consent from the recipient thereof. The election or dismissal of Directors or Supervisors, amendments to the Articles of Incorporation, capital reduction, delisting application, removal of non-compete restriction for Directors, capital increase out of earnings, capital increase out of capital reserve, the dissolution, merger, spin off of the Company, or matters stipulated in Paragraph 1, Article 185 of the Company Act, and <u>Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be listed and the essential contents shall be explained among the reasons for calling the meeting and may not be raised as extemporary motions.</p> <p>Where the reasons for calling the shareholders' meeting specify the re-election of Directors and Supervisors and their inauguration date, after the re-election completed in the shareholders' meeting, the inauguration date may not be changed by extemporary motions or other means in the same meeting.</p> <p>Any shareholder holding 1% or more of the total number of issued shares may submit a proposal to the Company for discussion at an annual shareholders' meeting. However, the number of items so proposed is limited to one only, and a proposal containing more than one item shall not be included in the meeting agenda. <u>Shareholders may submit suggestive proposals to urge the Company to promote public interests or fulfill its social responsibilities. The said proposals shall be limited to one proposal in terms of the</u></p>	<p>Methods of public announcements are amended in accordance with the laws and regulations.</p>

<p><u>meeting by the Board of Directors.</u> In addition, where the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.</p> <p>Prior to the date on which share transfer registration is suspended before an annual shareholders' meeting is convened, the Company shall make a public announcement of acceptance of proposals in written or electronic transmission, and the location and period for their submission. The period for accepting shareholders' proposals shall not be less than ten days.</p>	<p><u>procedure in accordance with the Article 172-1 of the Company Act. Any proposal in excess shall be excluded from the agenda.</u> In addition, where the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.</p> <p>Prior to the date on which share transfer registration is suspended before an annual shareholders' meeting is convened, the Company shall make a public announcement of acceptance of proposals in written or electronic transmission, and the location and period for their submission. The period for accepting shareholders' proposals shall not be less than ten days.</p>	
<p>4</p> <p>The shareholders' meeting of <u>TWSE/TPEX listed companies</u> shall be convened in the place where the Company is located or at any other location that is convenient for shareholders to attend and appropriate for such meeting. The meeting shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.</p>	<p>4</p> <p>The shareholders' meeting shall be convened in the place where the Company is located or at any other location that is convenient for shareholders to attend and appropriate for such meeting. The meeting shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.</p>	Text revision.
<p>8</p> <p>The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairman may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement shall not exceed one hour. In the event that the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act. In the event that the number of shares represented by attending shareholders reaches a majority of the total issued shares before the end of the meeting, the chairman may bring the tentative resolutions adopted into the meeting anew for a resolution in accordance with Article 174 of the Company Act.</p>	<p>8</p> <p>The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting, <u>and announce information such as the number of shares with no voting right and shares present.</u> In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairman may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement shall not exceed one hour. In the event that the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act. In the event that the number of shares represented by attending shareholders reaches a majority of the total issued shares before the end of the meeting, the chairman may bring the tentative resolutions adopted into the meeting anew for a resolution in accordance with Article 174 of the Company Act.</p>	The amendments are made to enhance corporate governance and safeguard shareholders' rights and interests.

<p>17 Unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the Shareholders attending the meeting. At the time of voting, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. (The following is omitted)</p>	<p>17 Unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the Shareholders attending the meeting. At the time of voting, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders for each proposal. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. (The following is omitted)</p>	<p>The amendments are made in line with the law.</p>
	<p>17-1 The election of Directors and Supervisors at the shareholders' meeting, if any, shall be handled in accordance with relevant regulations made by the Company, and the voting results shall be announced on the spot including the list of elected Directors and the numbers of votes, as well as the list of unelected Directors and the respective number of votes received. The ballots shall be sealed and signed off by the ballot supervisors and be kept for at least a year. In the event that a lawsuit regarding the election is filed by shareholders in accordance with Article 189 of the Company Act, the ballots shall be archived until the conclusion of the lawsuit.</p>	<p>New provisions are made in accordance with the law.</p>
<p>21 These Rules of Procedure for Shareholders' Meetings were enacted on May 18, 1991. The 1st amendment was made on November 11, 1997. The 2nd amendment was made on March 11, 2002. The 3rd amendment was made on June 25, 2010. The 4th amendment was made on June 6, 2012. The 5th amendment was made on June 2, 2017.</p>	<p>21 These Rules of Procedure for Shareholders' Meetings were enacted on May 18, 1991. The 1st amendment was made on November 11, 1997. The 2nd amendment was made on March 11, 2002. The 3rd amendment was made on June 25, 2010. The 4th amendment was made on June 6, 2012. The 5th amendment was made on June 2, 2017. The 6th amendment was made on June 25, 2020. <u>The 7th amendment was made on May 31, 2021.</u></p>	<p>To include the latest date of amendment.</p>

Appendix 10 Rules of Procedures for Shareholders' Meetings

Kaimei Electronic Corp.

Rules of Procedure for Shareholders' Meetings

Before Amendment

1. Unless otherwise prescribed by the law and the Company's Articles of Incorporation, the shareholders' meeting of the Company shall be convened in accordance with these Rules.
- 1-1 The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of Directors or Supervisors, and upload them to the Market Observation Post System (MOPS) 30 days in advance of the date of an annual shareholders' meeting or 15 days in advance of the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days in advance of the date of an annual shareholders' meeting or 15 days in advance of the date of a special shareholders' meeting. In addition, 15 days in advance of the date of a shareholders' meeting, the Company shall also prepare the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The said meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting venue.

The reasons for convening the shareholders' meeting shall be indicated in the public announcement and notice; and the notice may be given by means of electronic transmission, after obtaining a consent from the recipient thereof. The election or dismissal of Directors and Supervisors, amendments to the Articles of Incorporation, capital reduction, delisting application, removal of non-compete restriction for Directors, capital increase out of earnings, capital increase out of capital reserve, the dissolution, merger, spin off of the Company, or matters stipulated in Paragraph 1, Article 185 of the Company Act shall be listed and the essential contents shall be explained among the reasons for calling the meeting and may not be raised as extemporary motions. The essential contents may be posted on websites designated by the competent securities authority or the Company, and the websites shall be clearly stated in the notice.

Where the reasons for calling the shareholders' meeting specify the re-election of Directors and Supervisors and their inauguration date, after the re-election completed in the shareholders' meeting, the inauguration date may not be changed by extemporary motions or other means in the same meeting.

Any shareholder holding 1% or more of the total number of issued shares may submit a proposal to the Company for discussion at an annual shareholders' meeting. However, the number of items so proposed is limited to one only, and a proposal containing more than one item shall not be included in the meeting agenda. In the event of such proposal is made to urge the Company to promote public interests or fulfill its social responsibilities, the proposal may still be included in the meeting agenda for discussion at an annual shareholders' meeting by the Board of Directors. In addition, where the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.

Prior to the date on which share transfer registration is suspended before an annual shareholders' meeting is convened, the Company shall make a public announcement of acceptance of proposals in written or electronic transmission, and the location and period for their submission. The period for accepting shareholders' proposals shall not be less than ten days.

2. The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register. The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders.
3. The attendance and voting at shareholders' meeting shall be calculated based on the number of shares.
4. The shareholders' meeting of TWSE/TPEX listed companies shall be convened in the place where the Company is located or at any other location that is convenient for shareholders to attend and appropriate for such meeting. The meeting shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.
5. When the shareholders' meeting is convened by the Board of Directors of the Company, the Chairman of the Board shall be the chairman of such meeting. When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman of the Board shall act on his/her behalf. Where the position of Vice Chairman has not been created or the Vice Chairman is on leave or for any reason is unable to exercise the power, the Chairman shall designate a Managing Director to act on his/her behalf. Where the position of Managing Director has not been created, the Chairman shall designate a Director to act on his/her behalf. Where the Chairman does not make such appointment, the representative shall be elected by the Managing Directors or Directors from among themselves.
When the shareholders' meeting is convened by any other person having convening right, such person shall act as the chairman of the meeting.
6. The Company may appoint designated attorneys, CPAs, or relevant persons to attend shareholders' meetings.
Persons handling affairs of shareholders' meetings shall wear identification cards or arm badges.
7. The Company shall record the entire proceeding of the meeting in audio and video, and such files shall be kept for at least one year.
8. The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairman may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement shall not exceed one hour. In the event that the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act.
In the event that the number of shares represented by attending shareholders reaches a majority of the total number of issued shares before the end of the meeting, the chairman may bring the tentative resolutions adopted into the meeting anew for a resolution in accordance with Article 174 of the Company Act.
9. When the shareholders' meeting is convened by the Board of Directors of the Company, the meeting agenda shall be set by the Board of Directors. Unless otherwise resolved by the meeting, each proposal (including extemporaneous motions and amendments to original proposals) shall be voted for resolution in accordance with the scheduled agenda. The meeting agenda shall be set by the Board of Directors and the meeting shall be convened in accordance with the scheduled agenda, which shall not be changed unless otherwise resolved by the meeting.
The preceding paragraph shall apply mutatis mutandis to meetings convened by any other person having convening right.
Unless otherwise resolved by the meeting, the chairman shall not announce adjournment of the meeting until all the proposals listed in the agenda referred to in the two preceding paragraphs are completed (including extemporaneous motions). In the event that the chairman announces adjournment of the meeting against these Rules, a member of the Board may be elected by a majority of the attending shareholders to act as the chairman to continue the meeting.
After the meeting is adjourned, the shareholders shall not elect another chairman to resume such meeting at the same venue or an alternative place.

10. Before speaking at the meeting, attending shareholders shall submit a speech note specifies the subject of the speech, shareholders' account numbers (or attendance card numbers), and shareholders' account names. The chairman shall determine the order of shareholders' speeches.

Any attending shareholder who submits a speech note but does not speak at the meeting is deemed to have not spoken. When the content of the speech does not correspond to the subject specified on the speech note, the spoken content shall prevail.

When an attending shareholder speaks at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairman and the speaking shareholder. The chairman shall stop any such violations.

11. On the same proposal, each shareholder, including corporate shareholders, may not speak more than once and each speech time may not exceed two minutes unless otherwise permitted by the chairman.

When a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. When arguments arise in deciding which representative may speak or such decision has not been made, the chairman shall make such appointment among the representatives. After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

12. When a corporate shareholder is entrusted to attend the shareholders' meeting, the corporate shareholder may appoint only one representative to participate in the meeting.

In the event that a corporate shareholder appoints two or more representatives to participate in the shareholders' meeting, only one representative may speak on the same proposal.

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

14. The chairman shall provide sufficient time during the meeting for explanation and discussion of proposals and amendments or extemporaneous motions submitted by shareholders. When the chairman deems that a proposal has been discussed thoroughly and ready for voting, the chairman may announce an end of discussion and bring the proposal to a vote, and arrange a sufficient voting time.

15. The persons supervising the casting of the ballots and the persons counting the ballots shall be designated by the chairman. However, the persons supervising the casting of the ballots shall be shareholders. The voting results shall be announced at the meeting and recorded in writing.

16. During the meeting, the chairman may announce a break based on time considerations.

17. Unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders attending the meeting. At the time of voting, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When the Company convenes the shareholders' meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be specified in the shareholders' meeting notice. Shareholders who exercise voting power at the shareholders' meeting in writing or by way of electronic transmission shall be deemed to have attended the meeting in person. However, the shareholders who exercise voting power in writing or by way of electronic transmission shall be deemed to have waived voting power in respect of any extemporaneous motion and amendments to the original proposals at the said shareholders' meeting.

The shareholders intending to exercise voting power in writing or by way of electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the

Company two days in advance of the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, when a declaration is made to revoke the previous declaration of intent, this provision shall not apply. After shareholders have exercised voting power in writing or by way of electronic transmission, in the event that the shareholders intend to attend the shareholders' meeting in person, the previous exercise of voting power shall be revoked in the same manner as used to exercise voting power no later than two days in advance of the date of the meeting. In the event that the shareholders fail to revoke the previous exercise of voting power, the previous exercise of voting power in writing or by way of electronic transmission shall prevail. In the event that the shareholders have exercised voting power in writing or by way of electronic transmission and appointed a proxy to attend the shareholders' meeting by a power of attorney, the voting power exercised by the attending proxy shall prevail.

18. When there is an amendment to or a substitute for a proposal, the chairman shall determine the order of voting for the original proposal, the amendment, and the substitute. When one among them is resolved, other proposals shall be deemed vetoed and no further voting process shall be required.
19. The chairman may direct disciplinary personnel (or security personnel) to assist in maintaining the order of the meeting. Such disciplinary personnel (or security personnel) shall wear arm badges marked "Disciplinary Personnel" while assisting in maintaining the order of the meeting.
20. The meeting minutes shall faithfully record the year, month, day, and place of the meeting, the chairman's name, resolution method, summary of proceedings, and voting results (including statistical tallies of the numbers of votes). When there is election of Directors and Supervisors, the voting rights to each candidate shall be disclosed. The meeting minutes shall be retained throughout the life of the Company.
21. These Rules of Procedure for Shareholders' Meetings shall become effective upon approval by the shareholders' meeting. The same applies to amendments. Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act, applicable laws and regulations, and the Articles of Incorporation of the Company.
22. These Rules of Procedure for Shareholders' Meetings were enacted on May 18, 1991.
The 1st amendment was made on November 11, 1997.
The 2nd amendment was made on March 11, 2002.
The 3rd amendment was made on June 25, 2010.
The 4th amendment was made on June 6, 2012.
The 5th amendment was made on June 2, 2017.
The 6th amendment was made on June 5, 2020.

Appendix 11 Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

Kaimei Electronic Corp.

Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

Article before amendment	Article after amendment	Description of amendment
<p>Article 7 These Procedures specify and handle matters as follows: (Omitted)</p> <p>5. The limits on the total amounts of property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities:</p> <p>A. The total value of the non-business use property and right-of-use assets thereof shall not exceed 50% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.</p> <p>B. The total value of investment in security shall not exceed 200% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA. The amount of any individual security acquired by the Company shall not exceed 150% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.</p> <p>(Omitted)</p>	<p>Article 7 These Procedures specify and handle matters as follows: (Omitted)</p> <p>5. The limits on the total amounts of property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities:</p> <p>A. The total value of the non-business use property and right-of-use assets thereof shall not exceed 50% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.</p> <p>B. The total value of investment in security shall not exceed 600% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA. The amount of any individual security acquired by the Company shall not exceed 400% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.</p> <p>(Omitted)</p>	<p>The amendments are made in line with the actual business requirement of the Company.</p>
<p>Article 19 The Company shall adopt the following risk management and auditing measures while engaging in derivatives trading: (Omitted)</p> <p>2. Limits on losses from transaction:</p> <p>(1) The maximum amount of loss for all contracts shall not exceed 20% of the transaction amount of all contracts.</p> <p>(2) The maximum amount of loss for an individual contract shall not exceed 20% of the transaction contract amount.</p> <p>(Omitted)</p>	<p>Article 19 The Company shall adopt the following risk management and auditing measures while engaging in derivatives trading: (Omitted)</p> <p>2. Limits on losses from transaction:</p> <p>(1) <u>Hedging-purpose derivatives:</u></p> <p>1) The maximum amount of loss for all contracts shall not exceed 20% of the transaction amount of all contracts.</p> <p>2) The maximum amount of loss for an individual contract shall not exceed 20% of the transaction contract amount.</p> <p>(2) <u>Trading-purpose derivatives:</u> <u>The maximum amount of loss is not specified based on individual contracts, but based on the contracts with the same targets. The maximum amount of loss for all contracts shall be determined according to different types of derivatives:</u></p>	<p>The amendments are made in line with the actual business requirement of the Company.</p>

	<p>1) <u>Forward contracts or futures contracts:</u> <u>The discrepancy between the market price and the average cost of the position held reaches 5%.</u></p> <p>2) <u>Options contracts:</u> <u>When the Company is the purchaser:</u> <u>The maximum premium paid is 5% of the transaction amount of all contracts.</u> <u>When the Company is the seller: In addition to the premium received, plus 5% of the transaction amount of all contracts.</u></p> <p>3) <u>Swap and hybrid contracts: 5% of the transaction amount of all contracts.</u></p> <p>(Omitted)</p>	
<p>Article 36 These Procedures for Acquisition or Disposal of Assets were enacted on April 8, 2003. The 1st amendment was made on June 15th, 2007. The 2nd amendment was on June 6, 2012. The 3rd amendment was made on June 11, 2013. The 4th amendment was on June 11, 2014. The 5th amendment was made on June 3, 2016. The 6th amendment was made on June 2, 2017. The 7th amendment was made on June 5, 2019. (Comprehensive Amendment)</p>	<p>Article 36 These Procedures for Acquisition or Disposal of Assets were enacted on April 8, 2003. The 1st amendment was made on June 15th, 2007. The 2nd amendment was on June 6, 2012. The 3rd amendment was made on June 11, 2013. The 4th amendment was on June 11, 2014. The 5th amendment was made on June 3, 2016. The 6th amendment was made on June 2, 2017. The 7th amendment was made on June 5, 2019. (Comprehensive Amendment) <u>The 8th amendment was made on May 31, 2021.</u></p>	<p>To include the latest date of amendment.</p>

Appendix 12 Procedures for Acquisition or Disposal of Assets

Kaimei Electronic Corp.

Procedures for Acquisition or Disposal of Assets

Before Amendment

Chapter 1 General Provisions

Article 1 Purpose

These Procedures are established to enhance asset management and ensure information openness.

Article 2 Legal basis:

These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and Organic Act Governing the Establishment of the Financial Supervisory Commission.

Article 3 The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
2. Property (including land, houses and buildings, investment properties, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with the law.
9. Other major assets.

Article 4 Terms used in these Procedures are defined as follows:

1. The term "derivative products" means forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, indexes of prices or rates, credit ratings or credit indexes, or other variables; or hybrid contracts consist of the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sales contracts.
2. The term "assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with the law" means assets acquired or disposed of by mergers, spin-off, acquisition or share transfer, pursuant to the Business Mergers and Acquisitions Act, Financial Holding Companies Act, Financial Institution Merger Act or other acts; or share transfer from other companies by issuing new shares of its own as the consideration therefor (hereinafter "share transfer") pursuant to Article 156-3 of the Company Act.
3. The term "related party" and "subsidiaries" mean those parties defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. The term "professional appraiser" means a certified appraiser or other person authorized by the law to engage in the value appraisal of property or equipment.

5. The term "date of occurrence" means the date of contract signing, date of payment, date of trade, date of transfer, date of resolutions of the Board of Directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. However, with investments that require the approval of the competent authority, the earlier of the above dates or the date of receipt of approval by the competent authority shall apply.
6. The term "investments in China" means investments made in the mainland China area in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area approved by the Investment Commission of the Ministry of Economic Affairs, R.O.C.
7. The term "professionals of investment" means financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities dealers in self-operation or underwriting business, futures dealers in self-operation, securities investment trust enterprises, securities investment consultation enterprises, and fund management companies established in accordance with the law and regulated by the competent financial authorities of the jurisdiction where they are located.
8. The term "securities exchange" covers the following: "domestic securities exchange" refers to Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. The term "over-the-counter venue" ("OTC venue", "OTC") covers the following: "domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Exclusion of related parties

Professional appraisers and their officers, CPAs, attorneys, and securities underwriters who provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. Shall not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision shall not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. Shall not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall properly plan and implement appropriate operational procedures to form a conclusion and issue a report or an opinion accordingly. The procedures, data collected, and conclusions to be carried out shall be detailed in the working paper of the case.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, 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.
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 accurate, and that they have complied with applicable laws and regulations.

Chapter 2 Procedures

Section 1 Establishment of the Procedures

Article 6 Procedures for Acquisition or Disposal of Assets

The Company shall establish its Procedures for Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. These Procedures shall be approved by the Board of Directors, and then submitted to each Supervisor, and then to a shareholders' meeting for approval; the same applies to amendments. If any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the Director's dissenting opinions to each Supervisor.

Where the position of Independent Director has been created in accordance with the Securities and Exchange Act, when these Procedures 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.

If the Company establishes an Audit Committee in the future in accordance with the Securities and Exchange Act, adoption or amendment of these Procedures shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution.

If approval of more than one-half of all Audit Committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution by the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.

The terms "all Audit Committee members" referred to in Paragraph 3 and "all Directors" referred to in the preceding paragraph of this article shall be counted as the actual number of persons currently holding those positions.

Article 7 These Procedures specify and handle matters as follows:

1. Scope of assets is defined in Article 3 of these Procedures.
2. Appraisal procedures:
 - A. Acquisition or disposal of securities
 - (1) Evaluation:

Responsible units shall evaluate trading purposes, investment targets, and reference materials for price determination.
 - (2) The means of price determination and supporting reference materials:
 - (A) When the Company acquires or disposes of securities that are already traded on the securities exchange or OTC:

The transaction shall be determined on the basis of market prices and shall be submitted to responsible units for determination in accordance with the segregation of duties of the Company; where public

announcement is acquired in accordance with Article 31, it shall be submitted to the next Board of Directors' meeting for ratification.

- (B) When the Company acquires or disposes of securities that are not traded on the securities exchange or OTC:

Price determination shall be handled in accordance with Article 10 of these Procedures and shall be submitted to responsible units for determination in accordance with the segregation of duties of the Company. The transaction shall be made upon a resolution of the Board of Directors.

- B. Property (including land, houses and buildings, investment properties, and construction enterprise inventory) and equipment or right-of-use assets thereof.

- (1) Evaluation:

Responsible units shall evaluate trading purposes, investment targets, reference materials for price determination and payment terms.

- (2) The means of price determination and supporting reference materials:

Price determination shall be handled in accordance with Article 9 of these Procedures and shall be submitted to responsible units for determination in accordance with the segregation of duties of the Company.

- C. Memberships and intangible assets (including patents, copyrights, trademarks, and franchise rights) or right-of-use assets thereof.

- (1) Evaluation:

Responsible units shall evaluate the effectiveness of its usage, the period over which the patent was obtained, and reference materials for price determination.

- (2) The means of price determination and supporting reference materials:

Price determination shall be handled in accordance with Article 11 of these Procedures and shall be submitted to responsible units for determination in accordance with the segregation of duties of the Company.

- C. Transaction with related party shall be handled in accordance with Section 3 of these Procedures.

- D. Derivatives shall be handled in accordance with Section 4 of these Procedures.

- E. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer shall be handled in accordance with Section 5 of these Procedures.

3. Operating procedures:

- A. Degree and level of authority delegated shall be handled in accordance with these Procedures and the segregation of duties of the Company.

- B. User units or related authorized units shall take the action with the approval from the corresponding authorization level mentioned in the preceding paragraph.

4. Announcement and filing shall be handled in accordance with Section 3 of these Procedures.

5. The limits on the total amounts of property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities:

- A. The total value of the non-business use property and right-of-use assets thereof shall not exceed 50% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.

- B. The total value of investment in security shall not exceed 200% of the Company's net value on the Company's financial statement for the most recent period that has

been audited or revised by a CPA. The amount of any individual security acquired by the Company shall not exceed 150% of the Company's net value on the Company's financial statement for the most recent period that has been audited or revised by a CPA.

6. Control procedures for acquisition and disposal of assets by subsidiaries:

The Company shall supervise the state of acquisition or disposal of assets of its subsidiaries. The said supervision and management shall be based on relevant regulations of the Company and the provisions of the Procedures for Acquisition and Disposal of Assets of various subsidiaries.

7. Penalties for personnel violating these regulations or these Procedures shall be handled in accordance with Article 35 of these Procedures.

When engaging in any related party transaction, derivatives trading, or conducting a merger, demerger, acquisition, or share transfer, the Company shall, in addition to conducting such matters in compliance with the provisions of the preceding paragraph, shall also adopt related procedures in accordance with the provisions of Section 3 through Section 5 of these Procedures.

The Company's subsidiaries shall establish and implement their Procedures for Acquisition or Disposal of Assets in accordance with these Procedures. When the subsidiaries do not establish and implement such procedures, these Procedures apply.

Article 8 In the case of the Company's acquisition or disposal of assets has to be approved by the Board of Directors in accordance with these Procedures or applicable laws and regulations, if any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the Director's dissenting opinions to each Supervisor.

Where the position of Independent Director has been created in accordance with the Securities and Exchange Act, when a transaction involving acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

If the Company establishes an Audit Committee in the future in accordance with the Securities and Exchange Act, any transaction involving major assets or derivatives 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 Paragraphs 4 and 5, Article 6.

Section 2 Acquisition or Disposal of Assets

Article 9 The means of price determination and supporting reference materials for acquisition or disposal of property and other right-of-use assets

In acquiring or disposing of property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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:

1. Due to special circumstances, where a limited price, specified price or special price is deemed as the basis of reference for the transaction price, the transaction shall be submitted to the Board of Directors for a resolution in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

2. Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; however, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10 The means of price determination and supporting reference materials for acquisition or disposal of securities

In acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in evaluating the transaction price. Where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall request a CPA to express an opinion concerning the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the provisions of Statement of Auditing Standards No. 20 published by the ROC ARDF shall be followed. This provision shall not apply, however, to securities with publicly quoted prices in an active market or in compliance with regulations prescribed by the Financial Supervisory Commission.

Article 11 The means of price determination and supporting reference materials for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships

In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, shall request a CPA to express an opinion concerning the reasonableness of the transaction price prior to the date of occurrence of the event. The provisions of Statement of Auditing Standards No. 20 published by the ROC ARDF shall be followed.

Article 12 The calculation of the transaction amounts referred to in Article 9, 10, and 11 shall be done in accordance with Paragraph 2, Article 31 of these Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13 The means of price determination and supporting reference materials for acquisition or disposal of assets through court auction procedures

Court documents may be substituted for appraisal reports or opinions issued by a certified appraiser or CPA if assets are acquired or disposed of through court auction.

Section 3 Related Party Transactions

Article 14 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the preceding section and this section, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with the provisions of Article 12.

The Company shall determine if the counterparty of the transaction is a related party, and in judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15 When the Company intends to acquire or dispose of 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 property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% 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 approved by the Board of Directors and recognized by the Supervisors:

1. The purposes, necessity, and anticipated benefits of the acquisition or disposal of the assets.
2. The reasons for selecting the related persons as the transaction counterparty.
3. With respect to the acquisition of property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the terms of the anticipated transaction in accordance with Article 16 and 17 of these Procedures.
4. Information such as the date and price at which the related party originally acquired the property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the uses of fund.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Paragraph 2, Article 31 of these Procedures, 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 Supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Subparagraph 3, Paragraph 1, Article 7 of these Procedures delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors' meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of property right-of-use assets held for business use.

Where the position of Independent Director has been created in accordance with the Securities and Exchange Act, when submitting the transaction 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.

If the Company establishes an Audit Committee in the future in accordance with the Securities and Exchange Act, any matter for which Paragraph 1 requires recognition by the Supervisors shall first be approved by one-half or more of all Audit Committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Paragraphs 4 and 5, Article 6.

Article 16 In acquiring property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; however, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this provision shall not apply where the financial institution is a related party of one of the trading counterparties.

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

In acquiring property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs in accordance with the preceding two paragraphs, and shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs shall not apply:

1. The related party acquired property or right-of-use assets thereof by inheritance or as a gift.
2. More than five years will have elapsed from the time the related party signed the contract to obtain the property to the signing date for the current transaction.
3. The property is acquired through signing of a joint development contract with the related party, or contracting with a related party in the construction of property such as contracted construction with its own land or contracted construction on leased land.
4. The property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 % of the issued shares or authorized capital.

Article 17 When the results of the Company's appraisal conducted in accordance with Paragraph 1 and 2 of the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional property appraiser and a CPA, this provision shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, proof of compliance may be submitted with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. The completed transactions of other floors of the same property or adjacent area by unrelated parties within the preceding year, where the terms of the transactions are similar and the reasonable price discrepancies of different floors or land area with market practice have been taken into consideration.
2. Where the Company acquiring property or obtaining property right-of-use assets through leasing from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

"Completed transactions involving neighboring or closely valued parcels of land" referred to in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close to the latest official land price promulgated by the government. "Transactions involving similarly sized parcels" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within the preceding year" refers to the year retrospectively preceding the date of occurrence of the acquisition of the property.

Article 18 Where the Company acquires property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside according to Article 41-1 of the Securities and Exchange Act against the difference between the property transaction price and the appraised value, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by the law shall be set aside pro rata to the shareholding in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.
2. Supervisors shall comply with Article 218 of the Company Act. Where the Company has established an Audit Committee in accordance with the provisions of the Securities and Exchange Act, the preceding part of this subparagraph shall apply *mutatis mutandis* to the Independent Director members of the Audit Committee.
3. Actions taken pursuant to the preceding subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize the special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.

Where the Company obtains property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Section 4 Engaging in Derivatives Trading

Article 19 The Company shall adopt the following risk management and auditing measures while engaging in derivatives trading:

1. Trading principles and strategies:

A. Types of derivatives transactions that can be taken:

The Company may engage in all derivatives trading as defined in Paragraph 1, Article 4 of these Procedures.

B. Operating or hedging strategies:

The derivatives transaction is classified into two types, the hedging-purpose transaction and the trading-purpose transaction. The products selected for trading shall mainly enable the Company to avert the risk arising from business operations. The Company shall only select lawfully registered financial institutions to engage in transactions and transaction contracts shall be signed in order to avoid credit risks.

C. Segregation of duties:

(1) Financial unit

(A) Engage in transactions according to the instructions and the authorization of the competent authority.

(B) Extract market information, make judgment upon trends and risks, familiarize with financial products and applicable laws and regulations, trading skills to avoid the risk of market price fluctuation.

(C) Periodic evaluation.

(2) Accounting unit

(A) Provide information on the exposure position.

(B) Perform accounting and prepare financial statements following generally accepted accounting principles.

(C) Measure, supervise and control trading risks, and report to the Board of Directors on a regular basis.

(D) Make public announcement and filing on a regular basis.

D. Essentials of performance evaluation:

(1) Derivatives trading shall be evaluated at least once per week; however, hedging-purpose transaction required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to financial supervisors and the President of the Company for approval.

(2) The performance evaluation should be compared to a pre-set assessment benchmark on the assessment date as a reference for future decisions.

E. Limits on aggregate losses or losses on individual contracts from derivatives trading:

(1) Limits on transaction amount:

(A) Hedging-purpose derivatives:

The maximum amount shall be the existing and expected net asset and liability positions of the underlying hedged item. At any time, the aggregate amount of outstanding contracts shall not exceed 50% of the Company's net value for the time being.

(B) Trading-purpose derivatives:

1) Capital-protected and low risk wealth management products (including but not limited to structured deposits): The maximum amount of the total outstanding contracts shall be the actual positions engaged.

2) Other derivatives: The maximum amount of the total outstanding contracts shall be the actual positions engaged. At any time, the aggregate amount of outstanding contracts shall not exceed 50% of the Company's net value for the time being.

The "actual position engaged" referred to in the preceding paragraph refers to the actual assets or liabilities engaged.

(2) Limits on losses from transaction:

(A) The maximum amount of loss for all contracts shall not exceed 20% of the transaction amount of all contracts.

(B) The maximum amount of loss for an individual contract shall not exceed 20% of the transaction contract amount.

2. Risk management measures shall be handled in accordance with Article 20 of these Procedures.

3. Internal audit system shall be handled in accordance with Paragraph 2, Article 22 of these Procedures.

4. Regular evaluation methods and irregularity handling:

Regular evaluation methods and irregularity shall be handled in accordance with Article 24 of these Procedures.

The finance unit shall regularly make performance evaluation. If the amount or loss of individual contract exceeds the aforementioned limits, it shall be submitted to responsible units for determination in accordance with the segregation of duties of the Company to take necessary countermeasures, and submitted to the next Board of Directors' meeting.

Article 20 The Company shall adopt the following risk management measures while engaging in derivatives trading:

1. Risk Management

A. Credit risk management

In principle, the counterparties for transactions shall be financial institutions with which the Company has established business relations or internationally renowned financial institutions that are capable of providing professional information.

B. Market pricing risk management

The Company shall control the risk of market price fluctuation caused by interest rates, exchange rate, or other factors of derivatives.

- C. Liquidity risk management
To ensure liquidity, the counterparty of the transaction must have sufficient equipment, information, and trading capabilities, and can trade in any market.
 - D. Cash flow risk management
To ensure the stability of working capital turnover, the Company shall maintain adequate quick ratio assets and financing credit to correspond to its financing needs on the delivery date.
 - E. Operational risk management
Each unit shall perform transaction, confirmation, transaction, accounting, profit and loss control according to the segregation of duties to avoid operational risks.
 - F. Legal risk management
All transaction contracts with counterparties shall be reviewed by legal units before being formally signed in order to avoid legal risks.
2. Personnel engaged in derivatives trading shall not serve concurrently in other operations such as confirmation and settlement.
- A. Trading personnel:
 - (1) Trading personnel refers to persons who actually engage in derivatives trading with counterparties (banks, securities firms or other financial institutions);
 - (2) Trading personnel for closing derivatives trading shall be an authorized person of the financial unit of the head office;
 - (3) Trading personnel shall regularly calculate the demand position and conduct hedging transactions accordingly;
 - (4) Trading personnel shall deliver transaction certificates or contracts to the confirmation personnel for records;
 - (5) After making a transaction, trading personnel shall fill out transaction documents and confirm whether the trading terms are the same as those in the transaction document with personnel responsible for confirmation. Such documents shall then be submitted to supervisors of the authority unit for approval.
 - B. Confirmation personnel:
 - (1) Confirmation personnel refers to persons who confirm the transaction with counterparties after a transaction has occurred;
 - (2) Confirmation personnel shall periodically perform reconciliations with and registrations for the trading counterparty;
 - (3) Confirmation personnel shall establish a log book in which details of the derivatives trading engaged in shall be recorded in accordance with Paragraph 1, Article 22 of these Procedures.
 - C. Settlement personnel:
 - (1) Settlement personnel refers to persons who settle the transaction with counterparties after a transaction has been confirmed;
 - (2) Settlement personnel shall perform settlement in accordance with the approved transaction record sheets provided by the confirmation personnel.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different unit than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management who are not responsible for decision-making in the transaction or positions.

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

Article 21 Where the Company engaging in derivatives trading, the Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and these Procedures.
2. Supervise the transactions and profit/loss status and adopt necessary countermeasures whenever irregular circumstances are found. The Board of Directors shall be reported immediately. Where the position of Independent Director has been created, Independent Directors shall be present at the meeting and express opinions.

The Company shall report to the next Board of Directors' meeting after it authorizes the relevant personnel to handle derivatives transaction in accordance with these Procedures.

Article 22 When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 29 and Subparagraph 2 of Paragraph 1, and Subparagraph 1 of Paragraph 2 of the preceding article shall be recorded in detail in the log book.

Internal auditors of the Company shall periodically look into the appropriateness of the internal control over derivatives trading and conduct a monthly audit of how faithfully derivatives trading by the trading unit adheres to these Procedures, and prepare an audit report. Where a material violation is found, Supervisors shall be informed in writing.

Where the position of Independent Director has been created in accordance with the Securities and Exchange Act, the written notice to Supervisors shall be sent to Independent Directors as well.

If the Company establishes an Audit Committee in the future in accordance with the Securities and Exchange Act, the provisions of Paragraph 2 relating to Supervisors shall apply mutatis mutandis to the Audit Committee.

Section 5 Merger, Spin-off, Acquisition, or Share Transfer

Article 23 Where the Company conducts a merger, spin-off, acquisition, or share transfer, the Company shall, prior to convening the Board of Directors' meeting to resolve on the matter, engage a CPA, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit it to the Board of Directors for discussion and resolutions. However, in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the

case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted.

Article 24 When participating in a merger, spin-off or acquisition, the Company shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding article when sending shareholders' meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. However, where provisions of relevant laws and regulations exempt the Company from convening a shareholders' meeting to approve the merger, spin-off, or acquisition, this provision shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, spin-off, or acquisition, fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders' meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders' meeting.

Article 25 Unless otherwise prescribed by the law or the Financial Supervisory Commission is notified in advance under extraordinary circumstances and grants consent, the Company participating in a merger, spin-off or acquisition shall convene the Board of Directors' meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, spin-off or acquisition.

Unless otherwise prescribed by the law or the Financial Supervisory Commission is notified in advance under extraordinary circumstances and grants consent, the Company participating in a merger, spin-off or acquisition shall convene the Board of Directors' meeting on the day of the transaction.

When participating in a merger, spin-off, acquisition, or share transfer, the Company shall prepare a full written record of the following information and retain it for five years for reference:

1. Basic information of the personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning of any merger, spin-off, acquisition, or share transfer or the implementation of the plan prior to disclosure of such information.
2. Dates of material events: Including the dates of signing any letter of intent or memorandum of understanding, retaining a financial advisor or legal counsel, execution of a contract, and the convening of the Board of Directors' meeting.
3. Material documents and minutes: Including documents for merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors' meetings.

When participating in a merger, spin-off, acquisition, or share transfer, the Company shall, within two days commencing immediately from the date of passage of a resolution by the Board of Directors, report the information set out in Subparagraphs 1 and 2 of the preceding paragraph in the prescribed format and via the Internet-based information system to the Financial Supervisory Commission for records.

Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is neither listed on an exchange nor traded on an OTC market, the Company shall sign an agreement with such company to abide by the provisions of the preceding two paragraphs.

- Article 26 Each and every person participating in or possessing knowledge of the plan for merger, spin-off, acquisition, or share transfer shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or share transfer.
- Article 27 When participating in a merger, spin-off, acquisition, or share transfer, the Company shall not arbitrarily alter the share exchange ratio or acquisition price unless under any of the circumstances prescribed below, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or share transfer:
1. Capital increase in cash, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity based securities.
 2. An action such as a disposal of major assets that would affect the Company's financial operations.
 3. Occurrence of an event such as a major disaster or major change in technology that would affect shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, spin-off, acquisition, or share transfer, buys back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or share transfer.
 6. Other terms that the contract stipulates may be altered and the altered terms have been publicly disclosed.
- Article 28 When participating in a merger, spin-off, acquisition, or share transfer, the contract shall expressly record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or share transfer, and also record the matters prescribed below:
1. Handling of breach of contract.
 2. Principles for handling equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-off.
 3. The amount of treasury stock that the participating companies are permitted under the law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner to deal with a change in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date of the execution.
 6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- Article 29 After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends to further carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has resolved a decision authorizing the Board of Directors to alter the limits of authority. Such a participating company may be exempted from calling another shareholders' meeting to resolve the matter anew.

Article 30 Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall sign an agreement with that non-public company and comply with the provisions of Article 25, Article 26, and the preceding article.

Chapter 3 Public Disclosure of Information

Article 31 For acquisition or disposal of assets, provided that one of the following conditions exists, the Company shall publicly announce and file the relevant data and information to the information reporting website designated by the Financial Supervisory Commission in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; however, this provision shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.
2. Merger, spin-off, acquisition, or share transfer.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures.
4. For acquisition or disposal of equipment held for business use or right-of-use assets thereof, and the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is more than NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million. However, this provision shall not apply to the following circumstances:
 - A. Trading of domestic government bonds.
 - B. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

- C. Trading of bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.

The transaction amounts in the preceding paragraph shall be calculated in accordance with the methods provided below:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries of companies that are not domestic public companies and file the information to the information reporting website designated by the Financial Supervisory Commission in the appropriate format as prescribed by regulations by the 10th day of each month.

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 within two days and filed in their entirety.

Unless otherwise prescribed by the law, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by CPAs, attorneys, and security underwriters at the Company for at least five years.

Article 32 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within two days commencing from the date of occurrence of the event:

- A. Change, termination, or rescission of a contract signed in regard to the original transaction.
- B. The merger, spin-off, acquisition, or share transfer is not completed by the scheduled date set forth in the contract.
- C. Change to the originally publicly announced and filed information.

Chapter 4 Supplemental Provisions

Article 33 In the event that the subsidiaries are not domestic public companies, the Company shall, on behalf of the subsidiaries, carry out relevant information announcement and filing in accordance with the provisions of the preceding chapter, if necessary.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Paragraph 1, Article 31.

Article 34 For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of the Company's shares have a par value other than NT\$10, for the calculation of transaction amounts of 20% of the Company's paid-in capital under these Procedures, 10% of equity attributable to owners of the parent shall be substituted. For calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 35 If relevant personnel violate these Procedures and applicable laws and regulations, the Company may give out warning, demerit, demotion, suspension, salary reduction or other punishment depending on the circumstances and take it as an internal review item.

Article 36 These Procedures for Acquisition or Disposal of Assets were enacted on April 8, 2003.

The 1st amendment was made on June 15, 2007.

The 2nd amendment was made on June 6, 2012.

The 3rd amendment was made on June 11, 2013.

The 4th amendment was made on June 11, 2014.

The 5th amendment was made on June 3, 2016.

The 6th amendment was made on June 2, 2017.

The 7th amendment was made on June 5, 2019. (Comprehensive Amendment)

Appendix 13 Procedures for Election of Directors and Supervisors

Kaimei Electronic Corp.

Procedures for Election of Directors and Supervisors

Amendment Date June 5, 2018

1. The election, re-election and by-election of Directors and Supervisors of the Company shall be conducted in accordance with these Procedures.
2. The election of the Company's Directors and Supervisors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

The election of the Company's Directors and Supervisors adopts the open-ballot, cumulative voting method. The attendance card numbers on the ballot may be used to replace the names of voters on the ballots. At the Company's election of Directors and Supervisors, each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.
3. The Company's Directors and Supervisors shall be elected from the slate of candidates. The number of Directors and Supervisors to be elected shall be as specified in the Company's Articles of Incorporation. The candidates receiving ballots representing the highest numbers of voting rights will sequentially be elected as the Directors and Supervisors according to their respective numbers of votes. When two or more candidates receive the same number of votes, thus exceeding the specified number of seats to be elected, they shall draw straws to determine who is elected. The chairman of the meeting shall draw a straw on behalf of the absent person. For any shareholder who is concurrently elected as both Director and Supervisor, in accordance with the preceding paragraph, the person elected shall determine whether to assume the position of Director or Supervisor, and the resulting vacancy shall be filled by the candidate who receives the second highest numbers of voting rights originally. Where such decision is not made during the shareholders' meeting, the chairman of the meeting shall make the decision on behalf of the candidate elected, following the order of Directors and Supervisors.
- 3-1 The majority of the Company's Directors and at least one seat of Supervisors or between Supervisors and Directors shall not have one of the following relationships:
 - (1) Spousal relationship;
 - (2) Familial relationship within the second degree of kinship.
- 3-2 Where the Directors and Supervisors elected do not meet the conditions set forth in Article 3-1 of these Procedures, determination of which Directors and Supervisors are elected shall be made according to the following provisions:
 - (1) When there are some among the Directors who do not meet the conditions, the election of the Director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.
 - (2) When there are some among the Supervisors who do not meet the conditions, the provisions of the preceding subparagraph shall apply mutatis mutandis.
 - (3) When there are some among the Directors and Supervisors who do not meet the conditions, the election of the Supervisor receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.
- 3-3 Unless otherwise approved by the competent authority, a government or a corporate shareholder, or a representative thereof shall not be elected or serve concurrently as a Director and Supervisor of the Company. Paragraph 2, Article 27 of the Company Act does not apply herein.

4. Shareholders whose names appear on the shareholders' register of the Company have the right to vote and be elected. When a corporate shareholder appoints a representative, it shall be proposed in writing and recorded in the shareholders' register in advance.
5. The Board of Directors shall prepare separate ballots for Directors or Supervisors in numbers corresponding to the Directors or Supervisors to be elected. Each ballot shall bear a shareholder's attendance card number and number of votes and shall be distributed to the attending shareholders.
6. In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the "candidate" column on the ballot the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.
7. A ballot shall be deemed void if any of the following circumstances occurs:
 - (1) Failure to use the ballot prescribed in Article 5 of these Procedures.
 - (2) Any blank ballot.
 - (3) Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
 - (4) Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholders' register. Where the candidate voted for is not a shareholder of the Company, such candidate's name or ID number filled in the ballot is verified to be incorrect.
 - (5) Any ballot with written characters other than the candidate's name, shareholder account number, or ID number.
 - (6) Where the name of the candidate voted for is the same as the name of other shareholders, and the shareholder account number or ID number are not filled in the ballot for identification.
 - (7) Any ballot with the names of two or more candidates filled in.
8. For the election of Directors and Supervisors, the Board of Directors shall set up a ballot box, which shall be examined in public by the persons supervising the casting of ballots, before voting begins.
9. At the beginning of the election, the chairman of the meeting shall appoint a number of persons to supervise, count ballots, and perform relevant duties.
10. Ballots shall be counted during the meeting upon completion of voting, and the results shall be announced on the spot by the chairman of the meeting.
11. The Board of Directors shall issue notifications to the persons elected as Directors and Supervisors respectively.
12. Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and applicable laws and regulations.
13. These Procedures for Election of Directors and Supervisors shall become effective upon approval by the shareholders' meeting. The same applies to amendments.
14. These Procedures for Election of Directors and Supervisors were enacted on May 18, 1991. The 1st amendment was made on April 22, 2002. The 2nd amendment was made on June 23, 2006. The 3rd amendment was made on June 6, 2012. The 4th amendment was made on June 5, 2018.

Appendix 14 Shareholding of Directors and Supervisors

Kaimei Electronic Corp.

Shareholding of Directors and Supervisors

1. The Company's paid-in capital is NT\$1,358,441,680, and the issued and outstanding shares are 135,844,168 shares.
2. The shareholding of all Directors and Supervisors recorded in the shareholders' register as of the book closure date.

Position	Name	Shareholding on the book closure date	Percentage
Director	Representative of Yageo Corporation: Pan, Yung-Min	8,124,882 shares	5.98%
Director	Representative of Hung Tai Investment Ltd.: Weng, Chi-Sheng Chang, Wei-Tsu	69,262 shares	0.05%
Independent Director	Chris Tsai	0 share	-
Shareholding of all Directors		8,194,144 shares	6.03%

Position	Name	Shareholding on the book closure date	Percentage
Supervisor	Representative of Shi Hen Enterprise Ltd.: Lai, Yuan-Ho Tsai, Chin-Chih	815,387 shares	0.60%
Shareholding of all Supervisors		815,387 shares	0.60%

**Appendix 15 Information on the Proposals Made by Shareholders Holding 1%
or More of the Total Number of Issued Shares of the Company**

1. In accordance with Article 172-1 of the Company Act, any shareholder who holds 1% or more of the total issued and outstanding shares may submit proposals in writing to the Company for discussion at the 2021 annual shareholders' meeting. Period for proposal submission: March 22, 2021~April 1, 2021.
2. Proposals submitted to the 2021 annual shareholders' meeting by shareholders holding 1% or more of the total issued and outstanding shares: None.