

AIRMATE (CAYMAN) INTERNATIONAL CO. LIMITED

Agenda of the 2021 Annual Shareholders' Meeting

Time: June 28, 2021 (Monday) at 9 AM

Venue: No. 6 on the 6th Floor, No. 51 Hengyang Road, Zhongzheng District, Taipei City
(Qianzhan Hall, Taipei Financial Park)

I. Call Meeting to Order

II. Chairperson's remarks

III. Report Items

(I) 2020 Business Report

(II) Audit Committee's Review Report on the 2020 Business Report and
Financial Statements

(III) Report on the Distribution of Remuneration for Employees and Directors of 2020

(IV) Execution Report on the Issuance of Fourth Unsecured Convertible
Corporate Bonds within the Territory of the Republic of China

(V) Amendment to the "Corporate Social Responsibility Best Practice Principles"

(VI) Amendment to the "Procedures for Ethical Management and Guidelines for Conduct"

IV. Recognition

(I) Adoption of 2020 Business Report and Consolidated Financial Statements of the Company

(II) Adoption of 2020 Earnings Distribution Statement of the Company

V. Discussions

Issue new shares by capital increase from surplus

VI. Election Matters

Election of all Directors of the Company

VII. Other Matters

Proposal to release the newly elected directors from non-competition restrictions

VIII. Extempore Motion

IX. Adjournment

Report Items

(proposed by the Board of Directors)

I. 2020 Annual Business Report, submitted for approval.

Description: 2020 Business Report (Please refer to pages 13 to 20 of this Handbook
(Attachment I)).

(proposed by the Board of Directors)

II. Audit Committee's Review Report on the 2020 Financial Statements, submitted for approval.

Description: Audit Committee's 2020 Review Report

(Please refer to page 21 of this Handbook (Attachment II)).

(proposed by the Board of Directors)

III. Report on the Company's 2020 Distribution Status of the employees' and directors' remuneration, submitted for approval.

Note: (I) In accordance with Article 14.5 of the Articles of Association, where there is profit in the year of the Company, 5%-10% of the profit is to be allocated as remuneration to employees, and no more than 3% allocated as remuneration to directors.

The remunerations to employees and Directors in 2020 were allocated according to the provisions of the Company's Articles of Incorporation, and issued in cash upon the resolution of the Board Meeting on March 15, 2021. Please refer to the following table for details.

Unit: NT\$

Items	Amount to be allocated by the Board Meeting	Ratio in Profit
Employee's remuneration	12,036,507	5%
Directors' remuneration	4,814,603	2%
Total	16,851,110	7%

Note: The remuneration to employees and Directors were consistent with the estimated expense in 2020.

(proposed by the Board of Directors)

IV. Submit Execution Report of Issuance of Fourth Unsecured Convertible Corporate Bonds within the Territory of the Republic of China for Joint Deliberation.

Explanation:

Name of bonds	Fourth Unsecured Convertible Corporate Bonds within the Territory of the Republic of China
Reason for Issuance	Repay Bank Loans and Enrich Working Capital
Issuance Amount	NT\$ 400 Million
Face interest rate	0%
Issuance period	3 years. Available from December 10, 2020 to December 10, 2023
Issuance situations	The resolution of the Board Meeting on June 19, 2020 was to handle the fourth unsecured convertible corporate bonds within the territory of the Republic of China; on September 29, 2020, the Company obtained the effective letter of application from FSC No.1090358770, and was listed for buying and selling transaction on December 10, 2020.
Conversion Situations	As of April 30, 2021, on which share transfer registration is suspended, 49 bonds have been bought back, 309 bonds have been applied for conversion, and 3,642 convertible corporate bonds have not yet been applied for conversion into common stock.

(proposed by the Board of Directors)

V. Amendment to the "Corporate Social Responsibility Best Practice Principles", submitted for approval.

Note: (1) In order to practice corporate social responsibility, the Company referred to the "Corporate Social Responsibility Best Practice Principles for Listed Companies", and proposed to adopt the "Measures for Corporate Social Responsibility Best Practice Principles". Please refer to pages 33 to 41 of this Handbook (Attachment V)).

(2) For the purpose of improving the management of corporate social responsibility, SKFH is advised to establish a dedicated (or part-time) unit composed of the heads of relevant departments to be in charge of proposing and enforcing the Corporate Social Responsibility Policy and to report them to the Board of Directors.

(3) The Company has prepared a "Corporate Social Responsibility Report" every year with reference to the internationally accepted report preparation guidelines to disclose the situations of promoting corporate social responsibility.

(proposed by the Board of Directors)

VI. Amendment to the Procedures for Ethical Management and Guidelines for Conduct, submitted for resolution.

Description: to strengthen the Company's corporate culture of ethical management, enhance the Company's development and realize corporate governance, this company has established the Procedures for Ethical Management and Guidelines for Conduct. Please refer to pages 42 to 50 of this Handbook (Attachment VI).

Recognition

First proposal by the Board of Directors

Proposal: To accept the Company's 2020 Business Report and Consolidated Financial Statements.

Note: I. The 2020 Consolidated financial Statement of the Company had been audited by CPAs Chuang, Chun-Wei and Lu, Kuan-Wen with KPMG, and passed the resolution of the meeting of the 16th session of the 3rd term of Audit Committee and the 16th session of the 3rd term of Board of Directors.

II. The attached are 2020 Business Report (please refer to page 13 to 20 of this Handbook (Attachment I)), CPA Audit Report and Consolidated Financial Statement (please refer to page 22 to 30 of this Handbook (Attachment III)) for recognition.

Resolution:

Second proposal by the Board of Directors

Proposal: To accept the Company's 2020 Distribution of Earnings.

Note: 1. The undistributed earnings of the company at the beginning of the period is NT\$100,696,112, minus the current change of NT\$1,728,420 in the remeasured amount of defined benefit plans and the difference of NT\$3,660,060 between the actual acquisition or disposal of the subsidiary company's equity price and the book value, plus NT\$102,334,225 converted from the revolving special surplus reserve - the translation of the financial statements of a foreign operating agency and the 2020 after-tax net profit of NT\$156,239,275. The surplus available for distribution for the current period is NT\$353,881,132, and after deducting the statutory surplus reserve of NT\$15,085,080, the distributable surplus for the current period is NT\$338,796,052.

II. This year, it is estimated on the ex-dividend record date that the cash dividend will be NT\$83,752,590 with estimated amount of NT\$0.6 per share, while the stock dividend will be NT\$55,835,060 with estimated amount of NT\$ 0.4 per share. The fractional dollar amount which is less than one New Taiwan Dollar, if there is any, will not be distributed and will be recognized by the company as other income. It is proposed the Board of Directors be authorized to determine the record date and the payment date that the cash and stock dividends will be distributed.

3. If the foregoing matters affect the number of outstanding shares due to factors such as the conversion of the Company's corporate bonds, which lead to changes of dividend payout ratio, it is proposed the Board of Directors is authorized to adjust it.
4. Please refer to page 31 to 32 of this Handbook (Attachment IV) for the 2020 Earnings Distribution Table for the impacts of the profit distribution plan for 2020 and recent share allotment within past two years on the operating performance, earnings per share and shareholders' return on investment.

Resolution:

Discussions

(proposed by the Board of Directors)

Proposal: Issue new shares by capital increase from surplus. Please discuss.

Notes: I. The Company proposed to contribute NT\$55,835,060 from the distributable earnings in 2020 to increase the share capital and issue 5,583,506 new shares at face value of NT\$10 per share. The newly issued shares with the increased share capital would be allocated in accordance with the Shareholders' Registrar on the record date for stock dividend, i.e. 40 shares for each 1,000 shares. The shareholders can compile fractional share into one share, and register it with the Shareholders' Registrar within five days from the record date for distribution of share dividend. The Company would pay cash instead for such stock dividend (calculated to NTD and rounded down to an integer) for any failure to make the fractional share into one share by shareholders and the chair is to be authorized to offer the shares to specific persons.

II. Rights and obligations of the new shares are the same as those of the original shares.

III. In the future, if the number of outstanding shares is affected by factors such as the conversion of the Company's corporate bonds, cancellation of treasury stock or transfer of employees, which leads to changes of shareholders' allotment ratio, it is proposed the Board of Directors is authorized to adjust it.

IV. Upon the approval of the shareholders' meeting, it is proposed that the Board of Directors is authorized to determine the record date and payment date for issuance of new shares, and other relevant issues.

5. Submitted for resolution.

Resolution:

Election Matters

(proposed by the Board of Directors)

Proposal: Election of all Directors of the Company.

Explanation:

1. It is proposed to re-elect 9 Directors (including 3 Independent Directors) at the General Shareholders' Meeting on June 28, 2021 in accordance with the provisions of the Company's Articles of Incorporation. The term of office of the new Directors shall be three years, from June 28, 2021 to June 27, 2024.
2. The list of Director candidates has been reviewed and approved by the Company's Board of Directors on March 15, 2021. The relevant information is hereby stated as follows:

Serial Number	Account Number	Name	Personal Identification Card No.	Academic Background	Experiences	Type of Nominees	Representative of government or juridical entity	Served as an Independent Director for Three Consecutive Terms
1	51	Shih, Jui-Pin	D12130XXXX	Department of Electronics, Professional Training College of Chubu University	Japan Yuasa Primus Co., Ltd. Commodity Department employee	Director	None	Not applicable
2	11	Cheng, Li-Ping	A10104XXXX	Statistics of the Tamkang University	Deputy General Manager, Dongfu Electrical Appliances Co., Ltd. Chairman of Board of Directors, AIRMATE (CAYMAN) INTERNATIONAL CO. LIMITED	Director	None	Not applicable
3	62	Tsai, Cheng-Fu	D10139XXXX	Master's degree, Department of Electronics, NKUST	Person-in-charge of Lucky View Development (Int'l) Limited	Director	None	Not applicable
4	47	Shih Li, Chueh-Chu	D20015XXXX	Senior High School of Kuang Hua High School	Director of Waon Development Limited (Hong Kong); Director of Tung Fu Electric Co., Ltd.	Director	Pearl Place Holdings Limited	Not applicable
5	24	Huang, Ching-Shu	R12201XXXX	Zuozhen Junior High School	Chairman of HERN JUEI CO., LTD., Chairman of HENG TA MOLD ENTERPRISE CO., LTD., Chairman of ECOTIME OPTOELECTRONIC TECHNOLOGY CO., LTD.	Director	Richbase Corporation LIMITED	Not applicable
6	10330	Yen-Fu Chen	R12190XXXX	Master of National Dong Hwa University College of Environmental Studies	Project Manager of Chinghua Engineering Co., Ltd.(CEC), Assistant Sales Manager of Creating Nano Technologies Inc.,	Director	None	Not applicable

					Sales Representative of Nano Electronics and Micro System Technologies Inc., Assistant to the Ministry of Education Environmental Protection Group			
7	None	Chi, Lai-Ping	A11035XXXX	Bachelor of Economics, Columbia University and Master of International Relations, University of Chicago, USA	Senior Vice President and President of Greater China Region at Sony Life Insurance Co., Ltd, Managing Director of Zhongmei Liantai Metropolis Life Insurance Co., Ltd., Director of MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited, General Manager of MetLife Taiwan Insurance Co., Ltd.	Independent Director	None	Yes (Note 1)
8	None	CHENG, MING-CHANG	Q10108XXXX	Ph.D. of Graduate Institute of Business Administration, National Chengchi University, National Business Doctor	Chairman of China Taiwanese Investment Management Association, General Manager of China Productivity Center, Director of Graduate Institute of Business Administration, National Chung Hsing University, Deputy Director of Small and Medium Enterprises Administration, Ministry of Economy Affairs, Director, Economic Division, Mainland Affairs Council	Independent Director	None	Yes (Note 2)
9	None	Lin, Chih-Lung	D12082XXXX	Research Institute of Accounting, National Cheng Kung University	Lecturer of the Accounting Department of National Cheng Kung University Director of the Board of Nang Kuang Pharmaceutical Co., Ltd, Independent Director of the Board of TEKHO MARINE BIOTECH CO., LTD., Director of NCKU Financial Strategies Research Foundation, Independent Director of the Board of CHIA HER INDUSTRIAL CO., LTD., Legal Representative and Director of the Board of TOPOWER CO., LTD.	Independent Director	None	No

Note 1: Mr. Chi, Lai-Ping can provide important advice to the company because of his rich experience in industrial economy, finance and risk management. Although he has been re-elected as an independent director of the company for three consecutive terms, the company still needs to rely on his expertise to make it more effective. In addition to the duties of an independent director, he can still exert his expertise and provide supervision and professional advice to the board of directors. Therefore, the company elects and nominate him to continue to serve

as an independent director of the company.

Note 2: Mr. Chen, Ming-Chang can provide important advice to the company because of his rich experience in industrial economy and finance.

Although he has been re-elected as an independent director of the company for three consecutive terms, the company still needs to rely on his expertise to perform his duties as an independent director. He can still exert his expertise and provide supervision and professional advice to the board of directors. Therefore, the company elects and nominates him to continue to serve as an independent director of the company.

3. Submit for Election.

Election results:

Other Matters

(proposed by the Board of Directors)

Proposal: To release the newly elected Directors from the non-competition restrictions. Please resolve.

Explanation:

1. According to Article 209 of the Company Act of the Republic of China, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. If the Directors of the Company invest in or operate other companies with the same or similar business scope as the Company and act as Directors, they shall propose to the Shareholders' Meeting to remove the non-competition restrictions on the new Directors and their legal persons without prejudice to the interests of the Company.
3. This proposal was passed by the resolution of the Board of Directors on March 15, 2021, and was submitted to the Shareholders' Meeting to agree to the lifting of the non-competition restrictions on newly elected Directors in accordance with the procedures set out in the Articles of Incorporation of the Company. For details on the removal of non-competition restrictions, please refer to page 51 of this Handbook (Details in Attachment VII).
4. Submit for resolution.

Resolution:

Extempore Motion

Adjournment

Attachment I 2020 Business Report

Letter to the Shareholders

I. Introduction

At the beginning of 2020, the world economy was affected by the COVID-19 epidemic with ups and downs, geopolitical risks intensified, and the Sino-US trade war was still not resolved due to the continued strategic confrontation between the two sides after the U.S. election. As the global trade, consumption and economic situation were experiencing the biggest recession in a century, although mainland China had been the first to recover from the epidemic and had been the only major economy to achieve growth, the severe external environment had posed a severe challenge to the Company's operations throughout the year. Fortunately, with the concerted efforts of the management and all the employees, the Company still achieved the goal of making a profit for the year. Looking into Company's operating performance in the past year, we found that our products' lines already horizontally extending in China market, these products focusing precisely the channel and aiming firmly to the target. Besides, the development of foreign customers and the fermentation of new markets have made the benefits emerged to post profits. In addition to integrating into the development of smart home appliances in accordance with long-term goals, we have innovated the third-foot target product line as well as channels' breadth and depth. We focus on improving quality, deepen our brand power, and create the value of Company.

Last year, on one hand, continuing adjusting the fine operation structure, deepening the integration of resources, and strengthening Company's core manufacturing product capabilities. On the other hand, improving production efficiency while eliminating invalid production costs and enhancing product price competitiveness. It also strengthened the product strength and market power and actively took the lead in the development of home appliances that meet the demand gap of consumers who are eager to enhance a better life in order to increase the added value of products and enjoy brand premiums. It is believed that with the launch of new products, the breadth of new customers, the improvement of channels, and the deepening of the brand strategies. the Company can expect a good performance in 2021 in the post-epidemic era.

The following is a report on the Company's operation status for 2020 and future outlook for 2021:

The Company is the ultimate parent company of the listed Group, mainly responsible for investment holding, with the production bases in Shenzhen, Guangdong Province and Jiujiang, Jiangxi Province in mainland China. Its consolidated revenue for 2020 is NT\$9,207 million, the consolidated net profit after tax is NT\$156 million, and the consolidated net profit per share after

tax of NT\$1.12. Looking forward to 2021, there are still many economic challenges in the world and mainland China. In the face of the qualitative and quantitative changes in the consumer market and the intense competition in the small home appliance industry, the Company will continue to steadily expand the scale of its operations, strengthen the operational management of each company and the overall synergies, actively explore the market and deepen the whole process of customer service, and work closely with major customers and grow together, to build a core value-centered business that is competitive and sustainable.

Looking forward to the Company's future development, as mainland China has been completely out of poverty, the average national income has exceeded US\$10,000 and is growing year by year, consumers' demand for the comfort, functions and personalization of small home appliances has been increasing their requirements for the quality. We see this as an opportunity for the Company in the face of the fierce crossover and diversified competition in the development of the small home appliance market in mainland China, as well as the changed and shifted product demand in the domestic and export markets due to the epidemic. The Company and its reinvested subsidiaries will continue to prioritize responding to market needs, and will continue to cultivate its existing customer base, expand the scope of customers and develop more new heterogeneous customers; since the IPO, the management team and all employees have been working with the spirit of honesty, integrity, and diligence and the self-motivation requirement of pursuing perfection, and showing a positive and pragmatic attitude, to strengthen the operation of main business, provide the small home appliance industry with optimized products that are market-leading and meet the needs of the market, and create the greatest benefits for all shareholders and employees of the company. And we have remained true to our original aspiration to fulfill our corporate social responsibility, so as to repay our shareholders for their great expectations and care, and express our gratitude to all shareholders for their continuous support.

II. 2020 Business Results

(I) 2020 Business Plan and Implementation Results

Unit: thousand NT\$

Items	2020 Number of audit times	2019 Number of audit times	Growth Rate
Consolidated operation revenue	9,207,346	10,142,781	-9.22%
Consolidated operation gross profit	1,570,488	1,972,712	-20.39%
Consolidated operation net profit	220,906	289,876	-23.79%
Net revenue (expenditure) outside consolidated operation	2,973	32,948	-90.98%
Consolidated net profit before tax	223,879	322,824	-30.65%
Income tax expense	67,640	65,665	3.01%
Total consolidated profit or loss	156,239	257,159	-39.24%

(II) Financial revenue and profitability

Year		2020	2019
Items			
Financial Structure	Liability to asset ratio (%)	66.08	66.19
Solvency	Current ratio (%)	118.25	104.29
	Quick ratio (%)	71.41	61.01
Profitability	Asset return rate (%)	2.12	3.78
	Shareholders' equity return rate (%)	5.10	9.23
	Net profit ratio (%)	1.70	2.48
	Earnings per share (NT\$)	1.12	2.05

(III) Yearly research and new technology development status

1. Yearly research and new technology development results

(1) Shoe Cabinet with Germicidal Lamp Project Development

(3) Development of PTC Electric Heater with Large Air Volume

(4) Design and Development of Water-cooled Fans with Cooling Chip Components

(instead of ice crystals)

(5) Design and development of a bladeless fan with three air channels that can automatically swing to adjust the air outlet area

(6) Design and development of inverter window air conditioner

(7) Pet air conditioner development

(8) Application of electrolyzed water sterilization technology

(9) Application of Natural Humidification Technology of Hydrophilic Humidification Pan

(10) Clothes drying and heating integrated electric heater

(11) Superconducting cooling and heating loop fan

(12) Research on the Sterilization Function of Fresh Air Products

(13) Research on the Sterilization Function of Yuba Products

(14) Light Touch

(15) Inner Winding Motor Development

2. Future research and technology development plans

(1) Short-term business development plans

A. Development and research of wireless steam cleaning sweeper.

B. Continue to increase the application research of semiconductor refrigeration film, radar and battery.

C. Design and development of humidifier with large humidification capacity (2.5 liters/hour).

D. Research and development of new-type electric heaters (flaming mountain, footline with closeable air outlet; graphene heating element).

E. Continue to increase the development and application research of pin structure and high power internal winding motors.

F. continue to introduce and apply new technologies such as voice recognition (offline + online), motion monitoring, gesture recognition, etc. to various products.

G. Hydroxide ion air-cleaning ceiling fan development.

2. Long-term business development plans

A. Development of household appliances for cleanliness and health (antimicrobial and

sterilization).

B. Development of medical product series.

C. The Company plans to research the application of smart home appliance sensors and human-computer interaction (voice control).

D. Research on various composite air processors (cooling, heating, humidifying).

E. Development of DIY fresh air products.

F. Development and application research of high cost-effective external rotor DC motors.

II. Operating Plan Overview of the Year

1. Focusing on strengthening the brand development of Airmate, becoming a leading small home appliance company with competitiveness and core values in domestic and foreign sales in Mainland China, ensuring quality and quantity advantages, and strengthening the win-win cooperation with suppliers and customers.
2. Continue to promote the localization and indigenization of talents in each company, establish a group enterprise management model, commit to the company's product strength and continue to develop new products, new customers and new markets, improve production optimization technology, continue to invest in efficient production lines and reasonably manage and control expenses and costs, to make the company's operations aggregating profits.
3. Attach importance to the integration of labor and management, create maximum profits for employees and shareholders, and fulfill corporate social responsibilities.

(II) Sales Volume Forecast and the Basis

The main markets of the company's reinvested subsidiaries are located in mainland China, Northeast Asia, Southeast Asia, and Europe and the United States. Therefore, the estimated annual sales volume is mainly based on local industry-related statistical data, major customer information feedback and judgments on future market supply and demand. In summary, the sales of the small home appliance business will experience a steady and significant growth in volume and amount compared to 2020.

(III) Significant Sales and Production Policies

1. Export Sales

- Product sales in the Japanese and Korean markets and European and American markets maintained are steady growing in two quarters, actively developing customers

in different industries, assisting customers in developing new products to tap the Southeast Asian market.

- Focus on key customers and keep in touch with the technical team, deepen the development and technical adhesion, we increase the number of product development (enhance the patent layout, patent licensing customers), in order to win orders.
- We comprehensively enhance the export business services including customer service platform channel integration, IDM services, multiple sales with one machine, R&D awards, patent sharing and online sales, etc., to improve service quality.

2. Offline operation in China

- Team Integration: The national offline teams are divided into two regions, south and north, with 2 large regional directors established. We have increased operation support centers, promoted data-based operations, and conduct more accurate and efficient management close to the market, and enhance the brand's service power to distributor partners and consumers in the new retail era.
- Accurate focus on products: focus on hot products, reduce SKUs, fit the market, ensure sales efficiency, and improve the integration of production and sales operations. At the same time, focus on the inventory turnover rate and amount of dealers and factories, reduce the inventory of dealers and factories at the end of seasons, and finally realize order-based production.
- Continue to cultivate the channels: develop and expand the breadth of channel outlets, and continue to built more than 2,000 Airmate County/township image stores. In addition, strengthen the consumer experience of 3C and supermarket systems, and cooperate with the stores to invest in image building and train shopping guides to enhance their marketing capacities, to achieve the increase in Airmate's single store retail sales and the proportion of sales of high-end products.
- Embrace new channels: Actively embrace new sales channels, offline and online wholesale, social media group buying platforms, JD specialty stores and Tmall Premium, actively expand new sales channels, increase offline visibility, and achieve greater brand exposure and output.

3. Online operation in China

- Multi-platform benign development: For different online consumer groups and sales models on Taobao Tmall, JD Mall, Suning, Vipshop, and live broadcast, we have

developed marketable and differentiated product combinations suitable for each platform to meet the needs of different consumers. Emphasize the development of other new sales channels such as Pinduoduo, Yunji, and NetEase Yeation. Establish vertical integration of sales and production to improve brand share across the network and channels. In addition, we will enter new sales in the secondary e-commerce channels, setting our sights on high-end target markets through emerging focused private domain channels such as videos, content e-commerce, and information streaming e-commerce.

- By leveraging the high efficiency and focus of the online platform, the company focused on investing in clothes dryers, dehumidifiers, ventilators, bath heaters, foot baths, steam mops, and other niche small household appliances markets other than electric fans and heaters, in order to increase the product lines for the brand to achieve higher sustainable growth.
- Marketing Transformation: Fully embrace mobile Internet marketing, use emerging media, deeply interact with young consumers through social media such as live streaming, short video, Weibo, WeChat official accounts, and Xiaohongshu, to achieve a younger brand consumer base and enhance Airmate's visibility and reputation among various consumer groups, and improve the brand's influence.

IV. The company's future development strategy

The company and its reinvested subsidiaries will continue to focus on the development in the industry, develop competitive high-margin products, continuously improve and develop new technologies, and pursue win-win cooperation with relevant stakeholders. The company is fully committed to the maintenance of brand power and customer loyalty, while actively responding to, exploring, and satisfying the deep needs of end customers in the market, and gaining recognition and orders from new markets, new customers, and new products through immediate response to market changes, thereby forming a flagship brand in the small home appliance market.

V. The effect of external competition, the legal environment, and the overall business environment

(I) Influence of external competition environment

The small home appliance industry is in a fiercely competitive environment. The company and its subsidiaries will continue to exert their existing advantages to stay close to the market and strengthen product differentiation, and reasonably manage expenses

and costs, to reduce the impact of the external competitive environment.

(II) Influence of legal environment

The Company and its important subsidiaries have not suffered any punishment or loss in recent years from the changes in the regulatory environment.

(III) Influence of overall operation environment

At present, the production and operation of the company's reinvested subsidiaries are in mainland China. Although the overall environment of the local small home appliance industry is fiercely competitive, as mainland China has fully entered the middle-income process, its economic development and per capita income have greatly increased, and its consumption power is growing,. And thanks to the increasing pursuit of product quality and high responsiveness to new products and applications, it is expected to continue to grow steadily in the future.

Respectfully, Peace and Joy, Long Blessings

LIMITED

AIRMATE (CAYMAN) INTERNATIONAL CO.

President: Rui-Bin Shih

General Manager: Yung-Chang Lin

Accounting Manager: Mei-Hsiu Ho

Attachment II Audit Committee's 2020 Review Report

Representation Letter

The entities that are required to be included in the consolidated financial statements of Airmate (Cayman) International Co. Limited (or "the Company") as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company does not prepare a separate set of combined financial statements.

Hereby Declared by

Company name: AIRMATE (CAYMAN)
INTERNATIONAL CO LIMITED

President: Rui-Bin Shih

Date: March 15, 2021

Attachment III CPA Audit Report and Consolidated Financial Statement

Independent Auditors' Report

Presented to Board of Directors, Airmate (Cayman) International Co Limited

Opinion

We have audited the Consolidated Balance Sheets of Airmate (Cayman) International Co Limited and its subsidiaries (hereinafter referred to as "Airmate Group") as of December 31, 2020 and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Material Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Airmate Group as of December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2020, and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis of Audit Opinion

We conducted our audit for 2020 consolidated financial statements in accordance with Regulations Governing Auditing and Generally Accepted Auditing Standards (GAAS); the 2019 consolidated financial statements were audited in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants, the Jin-Guan-Zheng-Shen-Zi No.1090360805 of FSC, and GAAS. 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 Airmate (Cayman) International Co Limited and Subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. The CPA believes that sufficient and appropriate evidence for the audit has been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements of Airmate Group. These matters have been dealt with in the process of auditing the overall consolidated financial report and forming a review opinion. The CPA does not express separate opinions on these matters. The CPA's judgment should communicate the key audit matters on the audit report as follows:

1. Revenue recognition

For the accounting policy of revenue recognition, please refer to the revenue of the customer contract in Note 4(15) of the consolidated financial statements. For the description of the revenue and expected return assessment, please refer to rights of pending returning products in Note 6(11), refund liabilities in Note 6(13), and revenue from customer contracts in Note 6(22) of the consolidated financial statements.

Description of Key Audit Matters:

Airmate Group is principally engaged in the sales of household appliances, and its operating

revenue is one of the important items in the financial statement and is a matter of concern to users or recipients of the financial statement. Thus, revenue recognition is one of the important evaluated items when the CPA is auditing Airmate Group.

In response to the auditing procedures:

The CPA's main auditing procedures for the above-mentioned key auditing matters, including: assess the recognition of revenue that are subject to the relevant accounting regulations and has been properly disclosed; test relevant manual controls of sales and collection operations cycle; review the sales contracts and terms of important subsidiaries and customers of the group, conduct analytical procedure on important customer changes and revenue changes based on product categories; check the relevant internal and external information of the sales transactions before and after the selected balance sheet date, and evaluate whether the sales revenue is covered in an appropriate period; obtain accrued sales allowance and returns set by the management of the group and check with relevant internal and external information to evaluate the rationality of relevant parameters and key assumptions; review the reasonableness of the estimates of allowance and returns of accrued sales in previous years to assess whether there are any significant abnormalities in the allowance and returns of accrued sales set by the management; understand whether there will be any major sales allowance and returns after the period.

2. Notes receivable and accounts receivable and impairment evaluation

For the accounting policies of impairment evaluation of accounts receivable, please refer to financial tools in Note 4(7) to the consolidated financial statements. For the descriptions of accounting estimates of the allowances loss for accounts receivable and uncertainty of the assumptions, please refer to Note 5(1) to the consolidated financial statements. For the impairment evaluation of notes receivable and accounts receivable, please refer to Note 6(3) to the consolidated financial statements.

Description of Key Audit Matters:

Airmate Group reserves expected credit losses in accordance with the stipulated accounts receivable allowance for bad debt policy. The reserves are conducted based on customer's credit risk and historical credit loss experience and reasonable expectations of customers' future economic conditions. Therefore, the evaluation of the notes receivable and the impairment evaluation of accounts receivable is one of the important evaluation items for the CPA to audit the consolidated financial statement.

In response to the auditing procedures:

The CPA's main audit procedures for the above-mentioned key audit matters, including: understand whether the rationality of the Airmate Group's policy on notes receivable and impairment loss allowance for account is handled in accordance with the relevant accounting standards; perform sampling procedures to check the correctness of the accounts receivable's aging schedule and analyze the changes in the age of accounts receivable in each period; execute sampling on letter of inquiry, and test the collection status of accounts receivable after the period to evaluate the reasonableness of impairment loss allowance and the amount of reserve.

3. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4(8) of the consolidated financial statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5(2) of the consolidated financial statements; For the description of important accounting items in inventories, please refer to Note 6(5) to the consolidated financial statements.

Description of Key Audit Matters:

Inventory is measured by the lower of cost and net realizable value. Since the inventories of Airmate Group are mainly household appliances such as electric fans and electric heaters, the characteristics of its products are affected by weather changes, which will result in unsalable inventory. The Group may sell its products at a lower price to reduce inventory. This may induce a risk that the cost of inventory is higher than the net realizable value. Therefore, inventory evaluation is one of the important evaluation items in the CPA's auditing on the financial review of Airmate Group.

In response to the auditing procedures:

The CPA understood the recognition policies of inventory depreciation loss of Airmate Group and assessed whether its inventory evaluation has been implemented in accordance with established accounting policies, including the implementation of sampling procedures to check the correctness of inventory age, and to analyze the changes in inventory age of each period; The reasonableness of past reserves for inventory depreciation loss withheld by the management was reviewed and was compared with the methods and assumptions on the reserves for inventory depreciation loss for the current period to assess whether the valuation method and assumptions of the reserves for inventory depreciation loss for the current period are appropriate. The inventory sales status after the period is reviewed to assess the reasonableness of the estimation of the reserves for inventory depreciation loss.

Responsibility of the management and the governing body for the Consolidated Financial Statements

The responsibilities of management are to prepare an appropriately expressed consolidated financial report in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and standing interpretation recognized and published by the Financial Supervisory Commission, and maintain the necessary internal controls related to the preparation of the consolidated financial statements to ensure that the consolidated financial report does not contain significant misrepresentation due to fraud or error.

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing Airmate Group ability to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Airmate Group or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

The governing bodies of Airmate Group (including the Audit Committee) have the responsibility to oversee the procedures for financial reporting.

Accountant's responsibility in auditing consolidated financial statement

The purpose of our audit is to provide reasonable assurance that the Consolidated Financial Statements as a whole contains no material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement in consolidated financial statements when it exists. Misstatement may be caused by fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

When the accountant is auditing in accordance with GAAS, the CPA uses professional judgment and maintains professional suspicion. The CPA will also perform the following duties:

1. Identifying and assessing the risk of material misstatement in a consolidated financial statement due to fraud or error. Moreover, obtaining sufficient and appropriate audit evidence as the basis for the auditing. The risk of not being able to detect a misstatement that is caused by fraud is

higher than that caused by mistakes because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control.

2. Obtaining 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 internal control of Airmate Group.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Concluding on the appropriateness of the management's use of going concern basis of accounting, and determining whether there existed events or circumstances that might cast significant uncertainty over Airmate Group's ability to continue as a going concern. If the CPA believes that there are material uncertainties in the events or circumstances, it is necessary to remind the users of the consolidated financial statements to pay attention to the relevant disclosures of the consolidated financial statements in the audit report, or to amend the audit opinions when the disclosure is inappropriate. The CPA's conclusions are based on the audited evidence obtained as of the date of the audit report. However, future events or circumstances may cause Airmate Group to no longer have the capacity to function as a going concern.
5. Evaluating the overall expression, structure, and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.
6. Obtained adequate and appropriate audit evidence regarding financial information of members of the Group so as to express opinions for the Consolidated Financial Statements. The CPA is responsible for the guidance, supervision, and implementation of Airmate Group's audit and responsible for forming audit opinions on Airmate Group.

Items that have been communicated by the CPA to the governance bodies, including the planned scope and timing of the audit, as well as major audit findings (including significant internal control deficiencies identified during the audit).

We have also provided the statement pertaining to our accounting firm's personnel under the governance of independence to the governance unit and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

From the matters communicated with those charged with governance, we determined the key audit matters of Airmate Group's 2020 consolidated financial statements. The CPA has stated those items in the audit report unless the law does not allow public disclosure of certain matters, or under extreme rare cases, the CPA decided not to communicate specific matters in the audit report because it can reasonably assume the negative impact of communication is greater than the promoted public interest.

KPMG

CPA: Chun-Wei Chuang Kuan-
Wen Lu

Number of Certificate	: Jin-Guan-Zheng-Shen-Zi No.
Approved and Issued by	1040010193
Securities Competent Authority	Jin-Guan-Zheng-Liu-Zi No.
	0940100754

March 15, 2021

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
For the years ended December 31, 2020 and 2019

Unit: NT\$ thousands

Assets		2020.12.31		2019.12.31				2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:											
1100	Cash and cash equivalents (Note 6(1))	\$ 443,712	5	412,939	5	2100	Short-term borrowings (Notes 6(12) & 8)	\$ 315,302	4	540,627	6
1110	Financial Assets at Fair Value Through Profit or Loss - Current (Note 6(2))	72,010	1	1,807	-	2120	Financial liabilities at fair value through profit or loss - current (Notes				
1150	Amount of Notes Receivables, Net (Note 6(3))	614,541	7	509,234	6		6(2)(16))	178	-	-	-
1170	Amount of Accounts Receivable, Net (Note 6(3))	1,551,137	17	1,155,585	13	2130	Current contract liabilities (Note 6(22))	309,422	3	220,971	3
1180	Accounts Receivable from Related Parties, Net (Notes 6(3) and 7)	17,820	-	88,997	1	2150	Notes payable (Notes 6(13) & 8)	1,774,409	19	1,608,075	18
130x	Inventories (Note 6(5))	2,127,184	23	2,074,493	23	2170	Accounts payable	1,251,435	14	1,111,646	12
1470	Other Current Assets (Notes 6(3)(4)(11) and 8)	535,089	6	753,239	8	2200	Other payables (Note 6(13))	666,090	7	671,547	8
1481	Rights of Pending Returning Products - Current (Note 6(11))	104,021	1	70,955	1	2220	Other Payables to Related Parties (Note 7)	3,452	-	9,686	-
Total Current Assets		5,465,514	60	5,067,249	57	2230	Current Tax Liabilities	117,788	1	94,637	1
Non-current Assets:						2250	Current provisions (Note 6(14))	42,265	-	20,556	-
1510	Financial Assets at Fair Value through Profit or Loss - Non-current (Notes					2300	Other current liabilities (Note 6(13))	141,676	2	97,271	1
	6(2)(16))	150	-	330	-	2321	Bonds Payable or Put Option Execution - Current Portion (Notes 6(2)(16))	-	-	438,874	5
1550	Investment accounted for using the equity method (Note 6(6))	27,258	-	25,228	-	2322	Long-Term Borrowings - Current Portion (Note 6(15))	-	-	44,954	1
1600	Property, plant, and equipment (Notes 6(8), 8, and 12(3))	3,135,215	34	1,886,835	21	Total Current Liabilities		4,622,017	50	4,858,844	55
1755	Right-of-use asset (Note 6(9))	210,874	2	1,595,241	18	Non-current Liabilities:					
1780	Intangible assets (Note 6(10))	7,749	-	11,697	-	2530	Bonds Payable (Note 6(16))	679,997	7	293,350	3
1840	Deferred tax assets (Note 6(18))	177,912	2	166,125	2	2640	Defined benefit liabilities, net - non-current (Note 6(17))	32,625	1	28,717	-
1900	Other Non-current Assets (Notes 6(11) & 8)	228,670	2	148,311	2	2645	Guarantee Deposits Received	111,485	1	94,481	1
	Total Non-current Assets	3,787,828	40	3,833,767	43	2600	Other non-current liabilities (Notes 6(13) & 12(3))	668,302	7	616,531	7
						Total Non-current Liabilities		1,492,409	16	1,033,079	11
						Total Liabilities		6,114,426	66	5,891,923	66
						Equities Attributable to Owners of Parent Company (Note 6(19))					
						3110	Common Stock	1,395,876	15	1,368,506	15
						3200	Capital Surplus	1,224,541	13	1,223,135	14
						3300	Retained Earnings	779,988	9	765,987	9
						3400	Other equities	(261,489)	(3)	(363,823)	(4)
						Equities Attributable to Shareholders of the Company		3,138,916	34	2,993,805	34
						36xx	Non-controlling interests (Note 6(7))	-	-	15,288	-
						Total Equities		3,138,916	34	3,009,093	34
Total Assets		\$ 9,253,342	100	8,901,016	100	Total Liabilities and Equities		\$ 9,253,342	100	8,901,016	100

(Please see the attached notes to the consolidated financial statements)

President: Rui-Bin Shih

General Manager: Yong-Chang Lin

Accounting Manager: Mei-Hsiu Ho

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2020 and 2019

Unit: NT\$ thousands

		2020		2019	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 6 (22) & 7)	\$ 9,207,346	100	10,142,781	100
5000	Operating Cost (Notes 6 (5) & 7)	<u>7,641,207</u>	<u>83</u>	<u>8,166,237</u>	<u>81</u>
	Gross Profit	1,566,139	17	1,976,544	19
5910	Less: Unrealized profit and loss on sales	8,936	-	13,868	-
5920	Gain: Realized profit and loss on sales	<u>13,285</u>	<u>-</u>	<u>10,036</u>	<u>-</u>
	Realized Gross Profit	<u>1,570,488</u>	<u>17</u>	<u>1,972,712</u>	<u>19</u>
	Operating expenses:				
6100	Selling expense (Notes 6(17) & 7)	897,510	10	1,090,678	11
6200	Administrative expense (Note 6(17))	342,834	4	429,444	4
6300	Research & development Expense	107,717	1	146,226	1
6450	Expected credit loss (Note 6(3))	<u>1,521</u>	<u>-</u>	<u>16,488</u>	<u>-</u>
	Total Operating Expense	<u>1,349,582</u>	<u>15</u>	<u>1,682,836</u>	<u>16</u>
	Operating Profit	<u>220,906</u>	<u>2</u>	<u>289,876</u>	<u>3</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	34,079	-	30,962	-
7010	Other income (Note 6(24))	70,495	1	66,395	1
7020	Other gains and losses (Note 6(24))	(56,119)	-	11,633	-
7050	Finance costs (Note 6(24))	(42,740)	-	(76,047)	(1)
7060	Share of associates and joint ventures profit or loss accounted for using the equity method (Note 6(6))	<u>(2,742)</u>	<u>-</u>	<u>5</u>	<u>-</u>
	Total non-operating income and expenses	<u>2,973</u>	<u>1</u>	<u>32,948</u>	<u>-</u>
7900	Net Profit Before Tax	223,879	3	322,824	3
7950	Less: Income Tax Expense (Note 6 (18))	<u>67,640</u>	<u>1</u>	<u>65,665</u>	<u>1</u>
	Net Income	<u>156,239</u>	<u>2</u>	<u>257,159</u>	<u>2</u>
8300	Other comprehensive gain or loss:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6(17))	(1,728)	-	12,233	-
8349	Less: Income tax expenses (gains) related to items that are not reclassified subsequently to profit or loss:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(1,728)</u>	<u>-</u>	<u>12,233</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of a foreign operation's financial statements (Note 6(19))	102,334	1	(150,305)	(1)
8399	Less: Income tax related to items that may be reclassified:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will may be reclassified subsequently to profit or loss:	<u>102,334</u>	<u>1</u>	<u>(150,305)</u>	<u>(1)</u>
8300	Other comprehensive income of the period	<u>100,606</u>	<u>1</u>	<u>(138,072)</u>	<u>(1)</u>
	Total comprehensive income (loss)	<u>\$ 256,845</u>	<u>3</u>	<u>119,087</u>	<u>1</u>
	Net Income Attributable to:				
8610	Parent company	\$ 156,239	2	251,919	2
8620	non-controlling interests	<u>-</u>	<u>-</u>	<u>5,240</u>	<u>-</u>
	Net Income	<u>\$ 156,239</u>	<u>2</u>	<u>257,159</u>	<u>2</u>
	Total Comprehensive Income Attributable to:				
8710	Parent company	\$ 256,845	3	114,461	1
8720	Non-controlling interests	<u>-</u>	<u>-</u>	<u>4,626</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 256,845</u>	<u>3</u>	<u>119,087</u>	<u>1</u>
	Earnings Per Share (Note 6(21)):				
9750	Basic EPS (Unit: NT\$)	<u>\$ 1.12</u>		<u>2.01</u>	
9850	Diluted EPS (Unit: NT\$)	<u>\$ 1.11</u>		<u>1.97</u>	

(Please see the attached notes to the consolidated financial statements)

President: Rui-Bin Shih

General Manager: Yong-Chang Lin Accounting Manager: Mei-Hsiu Ho

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2020 and 2019

Unit: NT\$ thousands

	Equity attributable to owners of parent company						Other Equity Item, Exchange differences arising on translation of financial statements of foreign operations	Treasury stock	Total owner equity attributable to the parent company	Non- controlling Interests	Total equity
	Capital stock Capital stock of common stocks	Capital surplus	Legal reserve	Special reserve	Undistribute d surplus	Total					
Balance as of January 1, 2019	\$ 1,228,436	979,283	139,426	287,145	75,264	501,835	(214,132)	(33,051)	2,462,371	10,662	2,473,033
Net Income	-	-	-	-	251,919	251,919	-	-	251,919	5,240	257,159
Other comprehensive income of the period	-	-	-	-	12,233	12,233	(149,691)	-	(137,458)	(614)	(138,072)
Total comprehensive income (loss)	-	-	-	-	264,152	264,152	(149,691)	-	114,461	4,626	119,087
Appropriation and distribution of retained earnings (Note 6(18)):											
Legal reserve	-	-	-	75,264	(75,264)	-	-	-	-	-	-
Capital Increase by Cash	120,000	198,805	-	-	-	-	-	-	318,805	-	318,805
Issuance of convertible bond	-	2,899	-	-	-	-	-	-	2,899	-	2,899
Convertible bond conversion	20,070	35,984	-	-	-	-	-	-	56,054	-	56,054
Share-based payment transactions	-	6,164	-	-	-	-	-	33,051	39,215	-	39,215
Balance as of December 31, 2019	1,368,506	1,223,135	139,426	362,409	264,152	765,987	(363,823)	-	2,993,805	15,288	3,009,093
Net Income	-	-	-	-	156,239	156,239	-	-	156,239	-	156,239
Other comprehensive income of the period	-	-	-	-	(1,728)	(1,728)	102,334	-	100,606	-	100,606
Total comprehensive income (loss)	-	-	-	-	154,511	154,511	102,334	-	256,845	-	256,845
Appropriation and distribution of retained earnings (Note 6(18)):											
Legal reserve	-	-	25,192	-	(25,192)	-	-	-	-	-	-
Special reserve	-	-	-	1,413	(1,413)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(109,480)	(109,480)	-	-	(109,480)	-	(109,480)
Stock dividend on ordinary shares	27,370	-	-	-	(27,370)	(27,370)	-	-	-	-	-
Issuance of convertible bond	-	12,365	-	-	-	-	-	-	12,365	-	12,365
Redemption of convertible bond	-	(10,959)	-	-	-	-	-	-	(10,959)	-	(10,959)
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	-	-	-	-	(3,660)	(3,660)	-	-	(3,660)	(15,288)	(18,948)
Balance as of December 31, 2020	\$ 1,395,876	1,224,541	164,618	363,822	251,548	779,988	(261,489)	-	3,138,916	-	3,138,916

(Please see the attached notes to the consolidated financial statements)

President: Rui-Bin Shih

General Manager: Yong-Chang Lin

Accounting Manager: Mei-Hsiu Ho

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2020 and 2019

Unit: NT\$ thousands

	2020	2019
Cash flow of operating activities:		
Profit before tax	\$ 223,879	322,824
Adjustment items:		
Revenue and expense items		
Expected credit loss	1,521	16,488
Depreciation expense	340,639	424,109
Amortization expense	5,663	9,155
Interest expense	42,740	87,882
Interest income	(34,079)	(42,797)
Share of associates and joint ventures loss (gain) accounted for using the equity method	2,742	(5)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	554	(9,976)
Loss on disposal and retirement of property, plant and equipment	7,663	4,131
Property, plant and equipment expenses transferred	33,149	51,215
Unrealized sales profit	8,936	13,868
Realized sales profit	(13,285)	(10,036)
Unrealized exchange loss (gain)	3,170	(2,316)
Redemption profit of corporate bonds	(10,959)	-
Other income	(3,222)	(2,117)
Revenue and expense items	385,232	539,601
Changes in assets and liabilities related to operating activities:		
Net changes in assets related to operating activities:		
(Increase) decrease in financial assets at fair value through profit or loss	(70,519)	128,911
Increase in notes receivable	(105,307)	(26,942)
Increase in accounts receivable	(413,415)	(28,242)
Decrease in accounts receivable to related parties	71,177	12,450
(Increase) decrease in inventories	(52,691)	56,121
Increase in other financial instruments - current	(36,762)	(67,173)
Net changes in assets of operating activities:	(607,517)	75,125
Net changes in liabilities related to operating activities:		
Increase in notes payable	166,334	430,589
Increase in accounts payable	122,993	214,982
Increase in other payables	4,049	159,192
(Decrease) increase in other payables - related parties	(6,234)	3,366
Increase in provisions	21,709	13,685
Increase (decrease) in contract liability	88,451	(145,056)
Increase in other current liabilities	44,405	19,223
Gain in net defined benefit liabilities	2,180	2,100
Net changes in liabilities related to operating activities	443,887	698,081
Net changes in assets and liabilities related to operating activities	(163,630)	773,206
Adjusted items	221,602	1,312,807

President: Rui-Bin Shih

**General Manager: Yong-
Chang Lin**

**Accounting Manager: Mei-
Hsiu Ho**

Airmate (Cayman) International Co Limited and Subsidiaries

Consolidated Statements of Cash Flows (Cont.)

For the years ended December 31, 2020 and 2019

Unit: NT\$ thousands

	2020	2019
Cash generated from operations	445,481	1,635,631
Interest received	34,079	42,797
Interest paid	(45,360)	(83,773)
Income tax paid	(42,535)	(138,063)
Net cash inflow from operating activities	391,665	1,456,592
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(166,584)	(247,465)
Disposal of property, plant, and equipment	54,553	15,729
Acquisition of intangible assets	(1,627)	-
Acquisition of right-of-use assets	(84,008)	(773,395)
Decrease (increase) in other financial assets	151,551	(249,957)
Decrease (increase) in other non-current assets	(10,064)	1,913
Net cash outflow from investing activities	(56,179)	(1,253,175)
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,770,858	1,172,824
Repayments of short-term borrowings	(1,993,948)	(1,882,259)
Corporate bonds issued	396,572	295,780
Repayment of corporate bonds	(443,200)	-
Repayments of long-term borrowings	(42,730)	(45,295)
Increase in guarantee deposits received	15,517	13,500
Increase (decrease) in other non-current liabilities	45,874	(13,201)
Cash dividends	(109,480)	-
Cash capital increase	-	318,805
Employees exercise of share options	-	6,164
Employees purchase of treasury stock	-	33,051
Acquisition of shares of subsidiaries	(18,948)	-
Change in non-controlling equities	-	(614)
Net cash outflows from financing activities	(379,485)	(101,245)
Effects of changes in foreign exchange rates	74,772	(107,001)
Net increase (decrease) in cash and cash equivalents	30,773	(4,829)
Cash and cash equivalents at beginning of period	412,939	417,768
Cash and cash equivalents at end of period	\$ 443,712	412,939

(Please see the attached notes to the consolidated financial statements)

President: Rui-Bin Shih

**General Manager: Yong-
Chang Lin**

**Accounting Manager: Mei-
Hsiu Ho**

Attachment IV Earnings Distribution Table

AIRMATE (CAYMAN) INTERNATIONAL CO. LIMITED 2020 Earnings Distribution Statement

Unit: NT\$ thousand

Items	Amount	
Undistributed earnings at the end of the period		100,690
Plus (less):		
Changes of re-measurement number of definite welfare plan for the period	(1,728,420)	
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	(3,660,060)	
Conversion from the revolving special surplus reserve - the translation of the financial statements of a foreign operating agency	102,334,225	
Current tax after-tax profit	156,239,275	
Distributable earnings		353,881
Plus (less):		
Recognition of legal reserve	(15,085,080)	
Distribution items:		
Shareholder Dividend-Cash Dividend (NT\$0.6 per share)	(83,752,590)	
Shareholder Dividend-Stock Dividend (NT\$0.4 per share)	(55,835,060)	
Undistributed earnings at the end of the period		199,201

Impact of share allotment without consideration resolved by the Shareholders' Meeting on the operating performance and earnings per share of the Company:

Unit: NT\$ thousand, except for cash earnings per share in NT\$

Items		Year	2019	2020 (Estimated)
Paid-in capital at beginning of period			1,228,436	1,368,506
Share allotment and dividend distribution in current year	Cash dividend per share (Note 1)		0.8	0.6
	Number of shares allocated per share in transfer of earnings to capital (Note 1)		0.02 share	0.04 share
	Number of shares allocated per share in transfer of capital reserve to capital		0	0
Change in operating performance	Operating Profit		(Note 2)	(Note 2)
	Rate of increase (decrease) in operating revenue as opposed to same period of last year			
	Net profit after tax			
	Rate of increase (decrease) in net profit after tax as opposed to same period of last year			
	Earnings per share			
	Rate of increase (decrease) in earnings per share as opposed to same period of last year			
	Earnings per share			
	Rate of increase (decrease) in earnings per share as opposed to same period of last year			
	Annual average return on investment (reciprocal of annual average price-earnings ratio)			
Earnings per share and price-earnings ratio of restricted shares	Earnings per share and price-earnings ratio of restricted shares	Proposed earnings per share	(Note 2)	(Note 2)
		Proposed annual average return on investment		
	If the capital reserves are not converted into capital	Proposed earnings per share		
		Proposed annual average return on investment		
	If the capital reserve and surplus reserves are not converted into capital, the earnings will be paid in cash	Proposed earnings per 2 shares		
		Proposed annual average return on investment		

Note 1: It is calculated only in line with the estimated amount approved by the Board of Directors and has not been resolved by the Shareholders' Meeting.

Note 2: The financial forecast has not been disclosed so it is unnecessary to disclose the estimate information.

Attachment V: Measures for the Corporate Social Responsibility Best Practice Principles
(New Amendments)

AIRMATE (CAYMAN) INTERNATIONAL CO. LIMITED

Corporate Social Responsibility Best Practice Principles

Chapter I General Provisions

Article 1

In order to fulfill its corporate social responsibility and promote the balance and sustainable development of economy, society, and environment, the company has formulated the Principles in compliance with the practice principles of the Corporate Social Responsibility for Listed Companies formulated by the competent authorities of the Republic of China, without violating the applicable laws of the Cayman Islands, in order to manage its economic, environmental and social risks and impacts.

Article 2

The Principles applies to the entire operations of the Company and its group companies. The Principles encourages the Company to actively fulfill its corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

The Company fulfills its corporate social responsibility and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities.

The Company shall, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations and formulate relevant risk management policies or strategies.

Article 4

The company's practice of corporate social responsibility should be based on the following principles:

1. Implement and promote corporate governance.
2. Develop a sustainable environment.
3. Maintain social welfare.
4. Strengthen the disclosure of corporate social responsibility information.

Article 5

The Company shall abide by the provisions of laws and regulations and the Articles of Incorporation, as well as the contract signed with the competent authorities of the Republic of China and related

regulations, and shall consider the development trend of corporate social responsibility at home and abroad, the company itself and the overall operating activities of its group companies,

to formulate corporate social responsibility policies, systems or related management guidelines and specific promotion plans, and submit them to shareholders' meeting after approval by the Board of Directors.

When a shareholder proposes a motion involving corporate social responsibility, the Company's Board of Directors is advised to review and consider including it in the shareholders' meeting agenda.

Chapter II Implementation of Corporate Governance

Article 6

The Company shall follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and related ethical standards, so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility, and shall examine the results of performance and make constant improvement, so as to ensure the thorough implementation of its corporate social responsibility policies.

The Board of Directors shall, during the Company's implementation of the corporate social responsibility, fully take into account the interests of stakeholders as follows:

- 1 、 The Company has incorporated CSR into its business activities and developmental activities.
- 2 、 Proposed CSR mission (or vision and value) and proposed a Declaration of Corporate Social Responsibility.
- 3 、 3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8

In order to improve the management of its corporate social responsibility, the company should set up a dedicated (part-time) division for corporate social responsibility, responsible for the proposal and implementation of corporate social responsibility policies, systems or related management policies and specific promotion plans, and report to the board of directors on a regular basis.

The Company shall formulate reasonable remuneration policies, to ensure that remuneration planning can be in line with the organizational strategic goals and stakeholders' interests.

Article 9

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 10

The Company shall comply with relevant laws and regulations and observe the following guidelines to maintain a fair competition environment:

- 1 、 Avoid engaging in acts that violate unfair competition.
- 2 、 2. Realistically fulfill tax responsibilities.
- 3 、 3. Act against corruption and bribery and build an appropriate management system.
- 4 、 4. Corporate donations that conform to internal processing procedures.

Article 11

The company should regularly organize corporate ethics education and training for directors and employees and publicize the preceding items, and integrate it with the employee performance appraisal system to establish a clear and effective reward and punishment system.

Chapter III Development of A Sustainable Environment

Article 12

The company shall comply with environmental regulations and relevant international standards, appropriately protect the natural environment, and
When performing business activities, it should be committed to environmental sustainability.

Article 13

The Company should strive to improve the utilization efficiency of various resources, and use renewable materials with low impact on the environment, so that the earth's resources can be used continuously.

Article 14

The Company should establish an appropriate environmental management system based on its industrial characteristics. The Company's environmental management system should include the following items:

- I. 1. Collect and evaluate sufficient and immediate data on the effects of operating activities on the natural environment.

- II. Establish measurable goals and regularly review the continuity and relevance of these goals.
- III. Adopting enforcement measures, such as concrete plans or action plans, and examining the results of performance on a regular basis.

Article 15

The Company shall appoint a dedicated environmental management unit or team of personnel to establish, execute, and maintain environmental management system and specific action plans, and shall offer the management and employees environmental education classes.

Article 16

The Company should consider the impact on ecological benefits, promote and educate consumers on the concept of sustainable consumption, and engage in R&D, production and service activities in accordance with the following principles to reduce the impact of Company operations on the natural environment:

- I. 1. Reduce the resource and energy consumption of products and services.
- II. Reducing emission of pollutants, toxins and waste, and disposing of waste properly.
- III. Improving recyclability and reusability of raw materials or products.
- IV. Maximizing the sustainability of renewable resources.
- V. Enhancing the durability of products.
- VI. Improving the efficiency of products and services.

Article 17

In order to improve the efficiency of water use, the company should properly and sustainably use water resources and formulate relevant management measures.

The Company should avoid polluting water, air and land in its operations; if it is unavoidable, taking into account cost-effectiveness and technical and financial feasibility, it should do its utmost to reduce the adverse effects on human health and the environment and adopt the best feasible pollution prevention and control technology measures.

Article 18

The company should pay attention to the impact of climate change on its operating activities, and follow the operating conditions and greenhouse gas investigation results, formulate the company's energy saving and carbon reduction and greenhouse gas reduction strategies, and incorporate the acquisition of carbon rights into the company's carbon reduction strategy planning, and promote them accordingly to reduce the impact of the company's operations on the natural environment.

Chapter IV Maintaining Social Welfare

Article 19

The Company shall abide by relevant labor laws and regulations, protect the legitimate rights and interests of employees, and respect the internationally recognized principles of basic labor force's human rights, and shall not commit violations against the fundamental labor rights.

The Company's human resources policy should respect basic labor human rights protection principles and establish appropriate management methods and procedures.

The company shall provide an effective and appropriate complaint mechanism for situations that endanger labor rights and interests to ensure that the complaint process is equal and transparent. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

Article 20

This Company shall provide employees with information so that they understand the rights they enjoy under the labor laws of the Company's operating country.

Article 21

The Company shall provide employees with a safe and healthy working environment, including providing necessary health and first aid facilities, and shall endeavor to reduce the hazards to employee safety and health to prevent occupational disasters.

The Company shall organize training on safety and health for employees on a regular basis.

Article 22

The Company shall create a good environment for the career development of employees and establish effective career development training programs.

Article 23

This company shall establish a regular employee communication channel so employees can receive information and express opinions on the company's operation and management activities and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees, and employee representatives.

The company shall notify employees of operational changes that may have a significant impact on employees in a reasonable manner.

Article 24

The Company shall take responsibility for its products and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 25

The Company shall ensure product and service quality based on government regulations and industry related specifications.

The product or service marketing and advertising conducted by this company shall follow relevant government laws and international guidelines, and shall not engage in deceptive, misleading, or fraudulent behavior that damages consumers' trust or consumers' rights and interests.

Article 26

The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints and shall comply with laws and regulations for respecting consumers' rights of privacy and protect personal information provided by consumers.

Article 27

The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is purchasing from, and shall cooperate with suppliers to jointly implement the corporate social responsibility.

The Company shall formulate a supplier management policy that requires suppliers to follow relevant regulations on issues, including environmental protection, occupational safety and health, or human rights of labor. Prior to business dealings, the Company shall assess whether its suppliers have a record of causing an impact on the environment and society and shall avoid transactions with enterprises whose CSR policies are in conflict with its ones.

When the Company signs a contract with its main supplier, the content should include the terms of compliance with the corporate social responsibility policies of both parties, and if the supplier violates the policy and has a significant impact on the environment and society of the source community, the contract may be terminated or cancelled at any time.

Article 28

The Company shall evaluate and manage the impact of the Company's operations on the community and employ appropriate manpower to enhance community recognition.

This company shall use commercial activities, donations, corporate volunteer services, or other free professional services to participate in community development and community education of public organizations, charity group, and local government organizations, and to promote community development.

Chapter V Strengthen the Disclosure of Corporate Social Responsibility Information

Article 29

This company shall follow relevant regulations and Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies in handling information disclosure, and shall adequately disclose important and reliable CSR related information to increase information transparency. This company shall disclose the following CSR related information:

- I. Any CSR policy, system, guideline and action plan approved by the Board of Directors.
- II. The risks and the impact on the corporate operations and financial conditions arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.

- III. The Company's goals, actions and performance toward corporate social responsibility.
- IV. The main stakeholders and their concerns.
- V. Suppliers are required to disclose information on the management and performance of major environmental and social issues.
- VI. Other corporate social responsibility related information.

Article 30

The Company shall adopt widely recognized international standards or guidelines when producing a CSR report to disclose the status of its implementation of the CSR policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The reports are advised to include:

- I. The Company's CSR policies, systems, guidelines and action plans.
- II. The main stakeholders and their concerns.
- III. Review of the Company's progress with respect to corporate governance and contributions to environmental sustainability, public welfare and the economy.
- IV. Directions and goals for future improvements.

Chapter VI Supplementary Provisions

Article 31

The company shall keep notice of domestic and international CSR system development and changes in corporate environment at all times to facilitate review and improvement of the company's established CSR system and improve CSR results.

Article 32

The Principles shall be delivered to the Audit Committee for discussion and submitted to the Board of Directors for approval before implementation. It shall also be submitted to the shareholders' meeting. The same shall apply to any revision.

Attachment VI Procedures for Ethical Management and Guidelines for Conduct (New Amendments)

Article 1 Purpose

This Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Company and its business groups and organizations operate, with a view to providing all personnel of this Company with clear directions for the performance of their duties.

Article 2 Scope of Application

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Company, any incorporated foundation in which this Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Company.

Article 3 Applicable Objects

For the purposes of these Procedures and Guidelines, the term "the Company's personnel" refers to any managerial officer, employee, mandataries or person having substantial control, of the Company or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any of the Company's personnel through a third party will be presumed to be an act by the Company's personnel.

Article 4 Unethical conduct

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. The counterparties of the unethical conduct under the

preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 5 Types of benefits

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 6 Responsible Unit

The Company shall designate the Audit Department for the specialized unit (hereinafter referred to as the specialized unit of the Company) to handle the revision, execution, interpretation, consulting service and notification content registration and file construction of this operating procedure and behavior guide, and supervise the implementation and shall regularly report to the Board of Directors.

- 6.1 Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate preventive measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- 6.2 Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- 6.3 Promoting and coordinating awareness and educational activities with respect to ethics policy.
- 6.4 Developing a whistle-blowing system and ensuring its operating effectiveness.
- 6.5 Assist the Board of Directors and management to check and evaluate whether the preventive measures established by honest business are operating effectively, and regularly evaluate and comply with relevant business processes and prepare reports.

Article 7 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4,

the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- 7.1 Based on business needs, offering and accepting bribes in accordance with local courtesies, customs, and habits during domestic/foreign visits, guest-hosting, and promoting business and communication.
- 7.2 Normal social events attended or held and inviting others based on social etiquette, business purposes, or improving relationships.
- 7.3 Inviting guests or being invited to participate in specific business activities or factory tours due to business needs. Fees and payment methods for such activities shall be clearly stated before the event, including the number of participants, level of accommodation, and duration, etc. 7.4 Attendance at folk festivals that are open to and invite the attendance of the general public.
- 7.4 Rewards, emergency assistance, condolence payments, or honorariums of the management.
- 7.5 Other conduct that complies with the rules of the Company.

Article 8 Procedures for Handling the Acceptance of Improper Benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of this Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- a) If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- b) If there is a relationship of interest between the party offering or promising the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to their immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, the personnel shall refer the matter to the responsible unit within three days after accepting the benefit for further action

The aforementioned job stake refers to any one of the following:

- a) When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- b) When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- c) Other circumstances in which a decision regarding Merry's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The dedicated unit of the Company shall, depending on the nature and value of the first benefit, propose a return, payment acceptance, confiscation, donation to charity or other appropriate recommendations, and report to the General Manager or the top competent supervisor of each branch/plant area for approval before implementation.

Article 9 Prohibition of Facilitation Payments and Handling Procedures

The Company shall not offer or promise to offer any bribery.

Personnel of the Company who provide or promise bribes because of threats or intimidation shall record the process and report to their direct supervisor as well as notify the Company's dedicated unit.

The Company's dedicated unit shall handle the matter immediately when a report of the aforementioned items is received. The dedicated unit shall discuss the event to lower the risk of reoccurrence. In a case involving alleged illegality, the dedicated unit shall also immediately report to the relevant judicial agency.

Article 10 Procedures for handling charitable donations or sponsorships

The charitable donation or sponsorship provided by the Company shall be handled in accordance with the following matters, and reported to the General Manager or the top manager of each branch/plant area for approval, and a notification shall be given to the Company's dedicated unit. When the amount is NT\$1 million or more, the donation or sponsorship shall be provided only after it has been submitted for adoption in accordance with the provisions of the approval authority:

- 10.1 Shall comply with the local laws of the operating site.
- 10.2 A written record of the decision shall be made.
- 10.3 Charitable donations shall be made to charitable organizations and may not be used as disguised bribes.
- 10.4 Considering what can be gained in exchange for sponsorship must be clearly

defined and reasonable. The recipient of sponsorship cannot be a business partner or person with interests in the Company.

- 10.5 After the donation or sponsorship has been granted, it must be confirmed that the funds are used in accordance with the intended purpose.

Article 11: Recusal

If in the course of conducting company business, any personnel of this Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 Special unit in charge of confidentiality regime and its responsibilities

The Company shall set up a legal office charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

The personnel of this Company should strictly abide by the relevant operating regulations of the Company's commercial secrets and must not disclose the Company's commercial secrets that they know to others and must not inquire or collect Company commercial secrets that are not related to their duties.

Article 13 Prohibition Against Divulging Commercial Secrets

This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 Prohibition against Insider Trading

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all the guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Article 15 Confidentiality Agreement

All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Such personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 Announcement of policy of ethical management to outside parties

The Company shall disclose its integrity management policy in internal regulations, Annual Reports, company websites or other publications, and announce it at product launch conferences, legal person briefings and other external events in a timely manner to enable suppliers, customers, or other business-related organizations and personnel to clearly understand its integrity management philosophy and norms.

Article 17 Ethical management evaluation prior to development of commercial relationships

Before the Company establishes a business relationship with others, it should first evaluate the legality of its agents, suppliers, customers or other business dealings, as well as their ethical management policies, and ascertain whether they have a record

of involvement in unethical conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- 17.1 The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- 17.2 Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- 17.3 Whether enterprise's business operations are located in a country with a high risk of corruption.
- 17.4 Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- 17.5 The long-term business condition and degree of goodwill of the enterprise.
- 17.6 Consultation with the enterprise's business partners on their opinion of the enterprise.
- 17.7 Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 Statement of ethical management policy to counterparties in commercial dealings

While conducting businesses, the Company's personnel shall clarify the Company's ethical management policy and other related regulations to the transaction partner. Company personnel shall clearly refuse to directly or indirectly offer, promise to offer, request, or accept any forms of improper benefits.

Article 19 Avoidance of commercial dealings with unethical operators

The Company's personnel shall avoid businesses with agents, suppliers, customers, or other entities who engage in unethical conduct. Any existing business shall be stopped and the entities shall be listed on the banned list to implement the Company's ethical management policy.

Article 20 Stipulation of terms of ethical management in contracts

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall

make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- 20.1 When each party is aware of the violation of the prohibition of acceptance of commissions, rebates or other improper contract benefits, they shall promptly inform other parties of their identity, offer, promise, demand or acceptance, amount or other improper interests, and provide relevant evidence and cooperate with other parties' investigations. If there has been resultant damage to either party, the party may claim from the other party twenty percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- 20.2 Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- 20.3 Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 Handling of Unethical Conduct by Personnel of the Company

The Company encourages internal and external personnel to report dishonest behavior or misconduct, and according to the severity of the reported violations, and a reward shall be given to the reporting person in accordance with the Employee Handbook. If internal personnel make false reports or malicious accusations, they shall be subject to disciplinary sanctions. In severe cases, the person can be dismissed.

This Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports (the QR code is shown below, as is the company website).

The informant can report by name or unnamed, and the following information should be provided when making a report:

- a) The informed party's name or other information sufficient to distinguish its identifying features.
- b) Specific facts available for investigation.

The relevant personnel of the Company handling whistle-blowing shall make a written statement that the identity of whistleblowers and the content of their whistle-blowing shall be kept confidential. The Company also promises to protect whistleblowers from improper disposal due to their whistle-blowing, and the Company's dedicated unit will handle it in accordance with the following procedures:



c) Reporting matters involving general employees should be reported to the department head. Reporting matters involving Directors or senior executive should be reported to Independent Directors.

d) The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.

- e) If a person being informed of is confirmed to have indeed violated the applicable laws and regulations, or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company may institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- f) Documentation of case acceptance, investigation processes and investigation results shall be retained for 5 years and may be retained electronically. In the event of a suit in respect of the whistle-blowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- g) With respect to a confirmed information, Merry shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

Article 22 Actions upon event of unethical conduct by others towards the Company

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall notify the governmental anti-corruption agency.

Article 23 Establishment of Rewards and Punishments, Appeal Systems and Disciplinary Sanctions

The Company shall organize an internal promotion every year and arrange for the Chairman, General Manager or senior management like Directors, employees and appointed to convey the importance of integrity.

The Company should incorporate integrity management into employee performance appraisal and human resources policies and establish clear and effective rewards, punishments and appeal systems.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

Article 24 Implementation

These Procedures and Guidelines of Conduct shall be implemented after being passed as a board resolution by the Audit Committee and the Board of Directors, and shall be reported at the shareholder's meeting; the same is true for amendments.

Attachment VII: Details of the Lifting of Non-competition Restrictions

Name of Director	Concurrent Positions Held
Shih, Jui-Pin	Chairman of Airmate International Holding Co.,Ltd Chairman of Airmate China International Co.,Ltd Chairman of Waon Development Ltd Chairman of WAON DEVELOPMENT LIMITED TAIWAN BRANCH (H.K.) Chairman of Airmate Electronic Appliances (Shenzhen) Co.,Ltd. Vice Chairman of Airmate Electronic Appliances (Jiujiang) Co.,Ltd Chairman of TUNG FU ELECTRIC CO., LTD. Representative of Pearl Place Holdings Ltd
Cheng, Li-Ping	Director of the Board of Waon Development Ltd Director of the Board of Airmate Electronic Appliances (Jiujiang) Co.,Ltd.
Tsai, Cheng-Fu	Director of the Board of Waon Development Ltd Vice Chairman of Airmate Electronic Appliances (Shenzhen) Co.Ltd. Director of the Board of Zhejiang Airmate Electronic Appliances Sales Co.,Ltd. Person in Charge of Joyful Oasis Ltd. Chairman of Airmate Electronic Appliances (Jiujiang) Co.,Ltd. Managing Director and Legal Representative of Airmate Technological (Shenzhen) Co.,Ltd
Shih Li, Chueh-Chu	Director of the Board of Waon Development Ltd Director of the Board of TUNG FU ELECTRIC CO., LTD.
Huang, Ching-Shu	Chairman of HERN JUEI CO., LTD. Chairman of HENG TA MOLD ENTERPRISE CO., LTD.
Yen-Fu Chen	Sales Assistant Manager, Li Pai Yi Co., Ltd.
Chi, Lai-Ping	Chairman of HMC Asia Limited Independent Director of the Board of Taishin Securities Co., Ltd
Cheng, Ming-Chang	President of Management Institute in Taipei Lecture Professor of Nanhua University Adjunct Professor of Taipei University Straits Exchange Foundation Advisor

	Independent Director of Shane Global Holding Inc.
Lin, Chih-Lung	Partner CPA, President of EVER TRUST CPAs Lecturer of the Accounting Department of National Cheng Kung University Director of the Board of Nang Kuang Pharmaceutical Co., Ltd. Independent Director of the Board of TEKHO MARINE BIOTECH CO., LTD. Director of NCKU Financial Strategies Research Foundation Independent Director of the Board of CHIA HER INDUSTRIAL CO., LTD. Legal Representative and Director of the Board of TOPOWER CO., LTD.