Stock Code:4545

銘鈺精密工業股份有限公司

Min Aik Precision Industrial Co., Ltd.

Annual Report 2020

Annual Report is available at
Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com.tw
Company Website: http://www.mapi.com.tw

Printed on March 31, 2021

Notice to readers

This English version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. Spokesperson

Name: Hsiao, Chia-Ling
Title: Assistant Vice President of Finance Administration Division
Tel: 03-4389966
E-mail: Investor@mapi.com.tw

Acting Spokesperson

Name: Hsieh, Hsiu-Lan
Title: Assistant Vice President of Operating Service Division
Tel:03-4389966
E-mail:Investor@mapi.com.tw

2. Address and Telephone of Headquarters, Branches and Factories

Headquarters and factory: No.2, Guorui Rd., Guanyin Dist., Taoyuan City 328, Taiwan R.O.C.
Tel:03-4389966
Branches: N/A

3. Stock Transfer Agency

Stock-Affairs Agency Department of Taishin International Bank
Address: B1F, No.96, Sec. 1, Jianguo N.Road, Zhongshan District,Taipei City
Website: www.taishinbank.com.tw
Tel: 02-2504-8125

4. CPA for latest certified annual financial statements

Name of CPA firm: KPMG
CPAs: Chen, Cheng-Chien & Huang, Yung-Hua
Address: 68F, Taipei 101 Tower, No.7, Sec.5, Xinyi Road, Taipei City 110, Taiwan (R.O.C.)
Website:www.kpmg.com.tw
Tel: 02-8101-6666

5. Name of stock exchange for overseas listed securities and method for enquiry of overseas securities information: N/A

6. Corporate Website: www.mapi.com.tw

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I. Report to Shareholders

Dear Shareholders,

COVID-19 seriously impacted the global economy in 2020. However, with the concerted efforts of all involved, the company's automatic equipment and precise metal stamping products went against the trend and actually grew. Furthermore, the 2020 profit was increased compared to the previous year by controlling costs, improving processes, and enhancing efficiency. In 2021, in addition to continuously seeking new customers and new orders, the management team also plans to actively move toward fields with existing production advantages. The goal of the company is to continuously increase profits in order to meet the expectations of shareholders and investors.

I. 2020 Operational Results

(I) Operational guidelines and implementation overview

The breakout of COVID-19 in 2020 severely impacted the world economy. However, following the epidemic slowdown and manufacturing expansion trend, the company's automatic equipment business delivered brilliant performance. As for its metal stamping business, although the demand of the global HD market decreased 18% compared to 2019, the HD revenue still increased slightly due to the increase of HD products with higher prices and more extensive HD parts sold. In addition, led by such new businesses as automotive electronics and heat spreaders, the turnover of metal stamping business was better than in the previous year. Regarding its medical plastic business, the demand of end users slowed down due to COVID-19, and thus the turnover was slightly recessed compared to its stable growth in the past.

Overall, thanks in large part to the automatic equipment business, the 2020 operating income increased significantly from NT$47.78 million in 2019 to 114.07 million in 2020.

(II) Implementation achievements of the operating plan

Item	2020	2019
Operating Revenue	1,921,700	1,797,291
Operating Gross Profit	435,427	398,249
Operating profit/loss	114,066	47,780
Non-Operating Income and Expenses	-60,602	-46,113
Net income	29,987	14,160

(III) Analysis of profitability

Item		2020	2019
Return on asset (%)		1.42%	0.92%
Return on equity (%)		1.76%	0.82%
Paid-in capital (%)	Operating Income	14.81%	6.21%
	Pre-tax Profit	6.94%	0.22%
Profit ratio (%)		1.56%	0.79%
Earnings per share (NT$)		0.39	0.18

(IV)Research and development situations

The core of the three major businesses of metal stamping, automatic equipment, and medical plastics of Min Aik Precision is always manufacturing, and improving manufacturing efficiency correlates with greater profits. The research of all the company's business units is based on their core competencies and integrated with market potential and future product development trends of customers. The company also proactively cooperates with domestic academic units to seek commercialization opportunities for various new technologies. In addition, the company has also established new plants in Singapore and Taiwan to increase its production base and will invest in new equipment that corresponds with the technologies and capability development required by new products for customers in the future to create more profits for shareholders.

II. 2021 Business Plan

(I) Business guidelines

Regarding business expansion in 2021, in addition to consolidating current mobile brand customers, the automatic equipment business will also actively plan for markets and customers outside China pursuant to the movement of the industrial chain. Furthermore, we will continuously control project risks to reduce inventory and loss on obsolete materials. As for the metal stamping business, it will be oriented to HD products with high prices and a wider range of products. Meanwhile, the growth of automatic electronics and heat spreaders may continuously lead to the growth of revenue and profits despite the sluggish HD industry. As for the medical plastic business, the long-term relationship with and trust of customers may facilitate other business units of the company to get involved in the medical industry, thus achieving the comprehensive effects of resources sharing across sales groups.

(II) Expected sales volume and its basis, and important production and marketing policies

As more and more people worldwide become vaccinated in 2021, the global economy will gradually recover. Due to rising manpower costs, automation and smart production will become the keys for manufacturers of automatic equipment business in the future. The reallocation of global market supply chain will also lead to the rearrangement of production bases in different countries and the increasing demand for automatic equipment. As a result, in addition to consolidating current brand customers, the company will incorporate the plastic business in Singapore and proactively develop the automatic machine for medical production in its planning for the markets and customers outside of China.

As for the medical plastic business, the medical market in Asia is expected to increase with a compound annual growth rate of 8% due to the global aging population and emerging market development, which will make it the second major global market to gradually surpass the EU. The company will also implement the tactic of cutting into emerging markets in Asia through the strategic position of Singapore to pursue growth, while providing more diversified resources to customers via resource integration within the group to attract more business opportunities.

With the precise metal stamping business, we will increase the share of original customers and the industry in terms of the HD market. We will increase profits by enhancing efficiency, cutting costs, and proactively engaging in non-HD precise metal stamping products to combat industrial risks.

III. Future development strategies

The process ability of the three current businesses relies on all the technologies that are applied extensively in all industrial products. In addition to providing existing customers with more complete product development, we will further apply our core technology to new product applications to prevent the operational risks derived from a single market, products, or customers, and we expect to gain opportunity for growth in the future. The company will also merge individual competitive advantages to gain new business opportunities through the benefit of integrated group development to avoid falling behind the industry's fast rotation, thus creating value for shareholders.

IV. The impact of the external competition environment, legal environment, and macro operational environment

With the effects of COVID-19 underlying 2020, the recession of the global economy was severe due to limited economic activities arising from the isolation measures of various countries. In this condition, the company will adopt more flexible resource allocation and strict risk control to continuously create new services and supply methods in accordance with customer needs. We expect to obtain the trust and identification of customers within the shortest time to gradually expand the base of our revenue and profit. Moreover, we will proactively collect data and judge trends and strictly control various risks to maximize resource usage efficiency. With the epidemic's impact in 2020, the NTD has become hard currency compared to most emerging markets. Due to the inflation of the NTD, the company's operational performance was affected in 2020. Accordingly, the company will continuously monitor its cash flow to prevent any risks from affecting the company's operation while protecting the rights of shareholders.

The outlook of 2021 still shows a challenging year. Although many countries have successively administered vaccinations and lifted lockdowns, the macroeconomy, industry, and exchange fluctuation may all cause uncertainty regarding profitability. With the gradual appearance of transformation results in the past, as well as new product development and technology improvement, we will integrate all resources of the group throughout this new year. We expect group turnover to be on the track of growth and expect to develop maximum benefits for shareholders through cost control and efficiency improvement in order to meet shareholders' expectations.

Finally, I represent the Board, management team, and all employees in sincerely thanking you for your trust and support again and wish you all peace, health, and happiness.

Chairman: Chia, Kin-Heng

II. Company Description

2.1 Date of Incorporation: January 18, 2001

2.2 Corporate History:

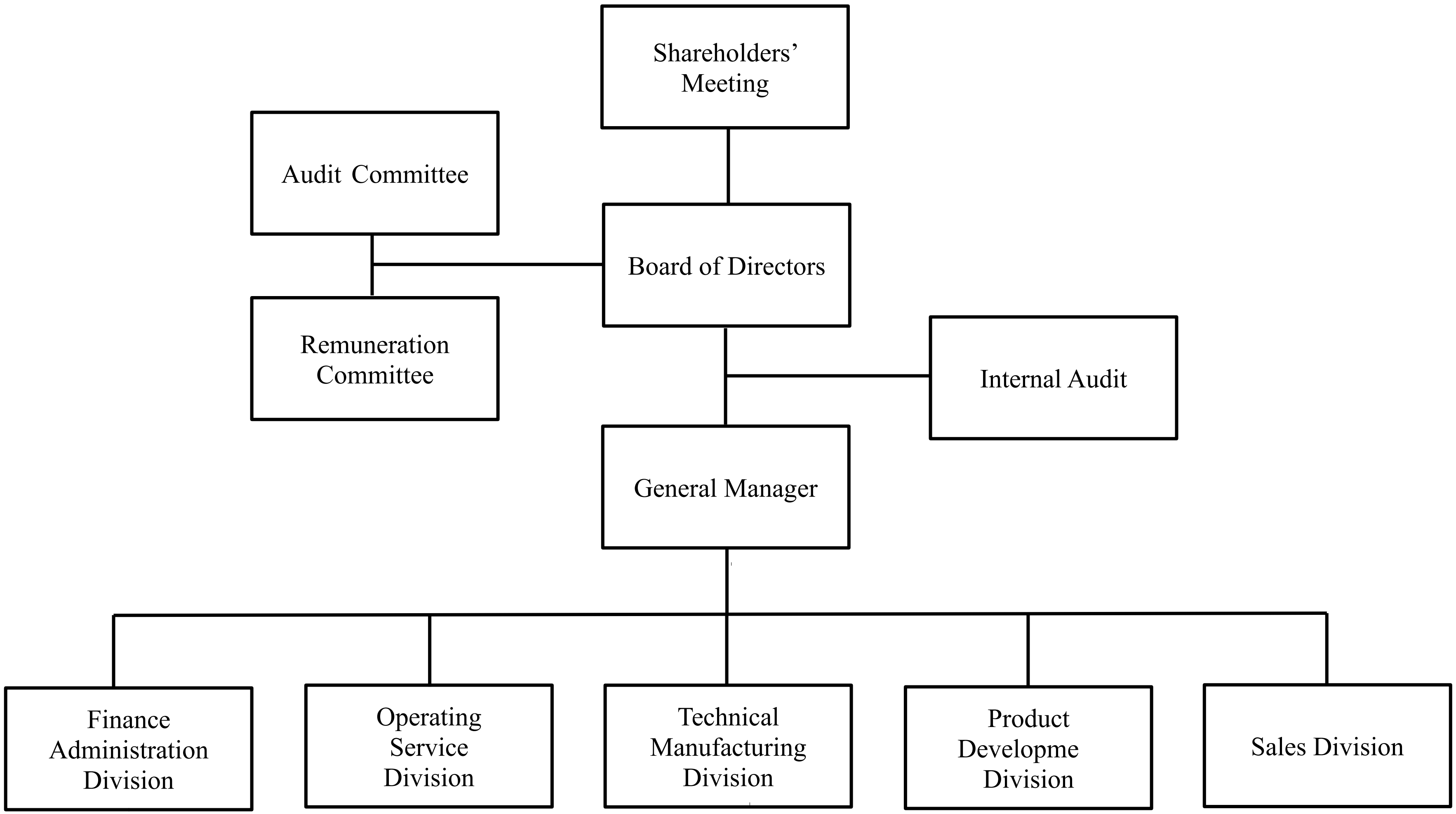
Year	Important Matters
Jan. 2001	The company was duly incorporated. It was originally named Min En Color Plating Co., Ltd. Its address was No. 5, Jingjian 4th Road, Guanyin Industrial Park, Guanyin District, Taoyuan County. The registered capital was NT$120 million, and the paid-in capital, NT$60 million. The company engaged in business of was surface treatment.
Sep. 2001	The capital was increased by NT$80 million. The paid-in capital was increased to NT$140 million.
Jul. 2003	Capital was increased by NT$140 million in cash. The paid-in capital was increased to NT$280 million. Min En Color Plating Co., Ltd. was renamed as Min Aik Precision Industrial Co., Ltd. For business expansion, more business items were included. The company was moved to No. 2, Guorui Road, Guanyin Industrial Park, Guanyin District, Taoyuan City.
Apr. 2004	The capital was reduced by NT$63 million and the capital was increased by NT$100 million in cash. The paid-in capital was increased to NT$317 million.
May 2006	The earnings in the amount of NT$92 million were transferred to capital. The paid-in capital was increased to NT$409 million.
May 2008	The company achieved FREESCALE certification.
Mar. 2009	The company achieved ISO14001/OHSAS18001 certification.
Dec. 2009	The company achieved TOSHMS certification.
Jan. 2010	The company achieved SEAGATE certification.
Mar. 2012	The company proceeded with achievement of PAS2050: 2008 and ISO14064-1: 2006 certification.
Mar. 2012	The company invested in Esteem King Limited (hereinafter referred to as Esteem King), and indirectly invested US$360 thousand in Ming Hung Material and Technology (Changshoou) Co.; Ltd..
Jul. 2012	The company invested in Esteem King and indirectly invested US$4,258,943 in MATC Technology (M) Sdn. Bhd (hereinafter referred to as MATC).
Aug. 2012	The company invested in Esteem King and indirectly invested US$8,066,990 in MAP Plastic Pte. Ltd. (hereinafter referred to as MAPP).
Sept. 2012	The company invested in Esteem King and indirectly invested US$1,253,419 in Amould Plastic Industries Pte. Ltd (hereinafter referred to as API).
Sep. 2012	The company invested in Esteem King and indirectly invested US$3,500,000 in API.
Sep. 2012	The employee stock option in the amount of NT$32,720,000 was transferred to capital. The paid-in capital was increased to NT$441,720,000.

Year	Important Matters
Dec. 2012	Initial public offering
Dec. 2012	The company completed the merger program with respect to holding companies that it controlled 100% in Singapore. MAPP, a sub-subsidiary that it controlled 100%, merged with Seb Plastic Pte. Ltd. and Seb Engineering & Trading Pte. Ltd., both of which were subsidiaries that it controlled 100%, API and Amould Technologies Pte. Ltd, a subsidiary that it controlled 100%. MAPP was the surviving company after the merger.
Apr. 2013	Stocks were registered at Emerging Stock Market.
Jul. 2013	The earnings and capital surplus in the amount of NT$119,280,000 were transferred to capital. The paid-in capital was increased to NT$561,000,000.
Dec. 2013	Ming Hung Material and Technology (Changshoou) Co.; Ltd., a company in which the company had reinvested, was dissolved and liquidated.
Jun. 2014	The earnings in the amount of NT$51,100,000 were transferred to capital. The paid-in capital was increased to NT$617,100,000.
Apr. 2015	The company indirectly invested US$2,500,000 in Dongguan Yi Hong Precision Industrial Co., Ltd. (hereinafter referred to as Dongguan Yi Hong) by investing in Evolution Holdings Limited (hereinafter referred to as Evolution).
Aug. 2015	The earnings in the amount of NT$61,710,000 were transferred to capital. The paid-in capital was increased to NT$678,810,000.
Dec. 2015	For initial public offerings, the capital was increased by NT$91,190,000 in cash. The paid-in capital was increased to NT$770,000,000.
Jan. 2016	Listed on the Taiwan Stock Exchange.
Feb. 2017	The company achieved ISO 22301 certification.
Mar. 2017	Increased investment in Dongguan Yi Hong US$1,900,000 and paid-in capital increased to US$4,100,000.
May 2017	Liquidation Dongguan Yi Hong Precision Industrial Co., Ltd.
Mar. 2018	The company achieved IATF16949: 2016 certification.
Mar. 2018	Increased investment in Evolution US$2,100,000 and paid-in capital increased to US$4,600,000.
Jun. 2018	Disposal of the investment company SEB Manufacturing (Malaysia) Sdn. Bhd.
Dec. 2019	Dongguan Yi Hong Liquidation was completed.
Feb. 2020	The company achieved SA8000:2014 certification.

III. Corporate Governance Report

3.1 Organization system

3.1.1 Organization structure



3.1.2 Business of Each Main Department

Department	Business
Department of Internal Audit	Development, establishment, amendment and implementation of internal control and internal audit systems; supervision and management of subsidiaries; conduction of audit and submission of audit reports; reporting the result to the board of directors
Finance Administration Division	Daily accounting routines and preparation of financial statements; management of affairs relating to applicable laws; control of risks relevant to exchange rate and interest rate; management of working capital and its liquidity; budgeting, planning and review; matters relating to board of directors and shares
Operational Service Division	Supervision of personnel, administration and general affairs; monitoring of environmental pollution; prevention of occupational injury; maintenance of the company’s internal information system, and management and maintenance of software and hardware for computer and the information system; management, review and approval of procurement; review of prices offered for procurement, and control of procurement cost; supervision of supplier management and assessment; management, control and review of demand for production; management of raw materials and purchase requisition
Technical Manufacturing Division	Production and quality control; collection of information of customers; control or production and product quality; management and planning of production units; production capacity planning and effectuation; production management, control, review and approval; management of expenses and purchase requisition of production units; planning of mass production and research of manufacturing process; production and delivery control; warehouse management planning, and management and review of materials and supplies; management of idle goods; maintenance of production equipment and power supply; introduction of automatic equipment, and maintenance and repair of factory equipment
Product Development Division	Responsible for new product development; sample delivery management and confirmation and mold design planning and execution, proposal and execution of mold design changes, research, development and maintenance of new mold technology and new manufacturing processes.
Sales Division	Establishment and performance of business goals; achievement of business objectives; maintenance of customer relationship and service; communication with customers; understanding and collection of information of customers and market trends; understanding of problems mentioned by customers and provision of feedback for factories; credit management; quotation management; order management

3.2 Director and Management Team

3.2.1 Directors

2021/03/31

Title	Name	Nationality or Place of Registration	Gender	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main Experience/Educational Background	Current Positions at The Company and Other Companies	Others with a relationship of spouse or second-degree relative			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Min Aik Technology Co., Ltd.	R.O.C	-	90.01.09 (Note 1)	109.05.15	3	27,682,910	35.94	28,017,910	36.39	0	0	0	0	-	-	-	-	-	
	Representative：Chia, Kin-Heng	Singapore	Male	90.01.09 (Note 2)	109.05.15	3	480,766	0.62	575,766	0.75	70,000	0.09	0	0	• Nanyang University Business School, Singapore • Senior Purchasing Assistant, Singapore Baigong Electric Appliance Co., Ltd. • Senior Director, Miniscribe Co., Ltd. • Senior Materials Manager, Leica Instrument Pte. Ltd. • Senior Associate of The Materials Department, Western Digital (S)Pte. Ltd. • Vice President, Far East Region of Corner Co. Ltd. • Vice President, Materials and Production Planning of Maxtor Peripherals (S) Pte. Ltd. • Director, Min Aik Precision Industry Co., Ltd.	• Chairman and CEO of Min Aik Technology Co., Ltd. • Director of Min Aik Technology USA Inc. • Director of Min Aik International Development Pte. Ltd. • Min Aik Technology (M) Sdn. Bhd. Director • MATC Technology Malaysia Sdn. Bhd. Director • Map Technology Holdings Pte. Ltd. Director • Director of M&J Technologies Co., Ltd. • Director of Mingyu Technology (Suzhou) Co., Ltd. • Director of Jinghao (Shanghai) Energy Technology Co., Ltd. • Director of Jinghao (Suzhou) New Energy Technology Co., Ltd. • Director of Geminnovative Technology Co., Ltd. • Chairman of Green Far Co., Ltd. • Director of MAP Plastics Pte. Ltd. (Singapore)	-	-	-	
Director	Representative：Chang, Lung-Ken	R.O.C	Male	109.05.15	109.05.15	3	0	0	0	0	1,000	0	0	0	• Department of Mechanical Engineering, Lunghwa University of Science and Technology	• Director, Min Aik Technology Co., Ltd. • Chairman, Zhen-Long Investment Co., Ltd. • Chairman, Hongpai Industrial Co., Ltd. • Chairman, Chint Asset Management Co., Ltd.	-	-	-	

Director	Beacon Investments Limited	Malaysia	-	100.12.20	109.05.15	3	25,375,763	32.96	24,925,763	32.37	0	0	0	0	-	-	-	-	-	
	Representative: Jin, Bor-Shi	R.O.C	Male	107.12.04	109.05.15	3	0	0	0	0	0	0	0	0	• Master of Business Administration, New York University, USA • Managing Director of Leon Capital Management Co., Ltd. • Vice President, Citibank	-	-	-	-	
	Representative： Kuo, Yao-Wen	R.O.C	Male	100.06.17 (Note 3)	109.05.15	3	0	0	0	0	0	0	0	0	• Master of Business Administration, University of Chicago, USA • Managing Director of Leon Capital Management Co., Ltd. • Vice President, Citibank	-	-	-	-	
Independent Director	Chen, John-Sea	R.O.C	Male	106.06.16	109.05.15	3 年	0	0	0	0	0	0	0	0	• Bachelor of Materials Science and Engineering, National Tsinghua University • Ph.D. in Materials Science, University of Southern California, USA • Researcher, Rockwell Scientific Center, USA • Co-founder and General Manager of Hexawave, Inc. • Deputy General Manager and Spokesperson of Etron Technology, Inc. • General Manager of CMSC, Inc.	• Chairman and CEO of CMSC, Inc.	-	-	-	
Independent Director	Sun, Chu-Wei	R.O.C	Male	109.05.15	109.05.15	3 年	0	0	0	0	0	0	0	0	• Bachelor of Accountancy, Tamkang University • Assistant Professor, Accounting Department, Tamkang University • Auditor of RSM Taiwan • Deputy Leader of Audit Department of Deloitte • Supervisor of Tien Liang BioTech Co., Ltd.	• Head of Baiqi Certified Public Accountants • Member of the Public Relations Committee of the Taipei Association of Accountants • Independent Director of Taishan Enterprise Co., Ltd. • Independent Director of SanDi Properties Co., Ltd.	-	-	-	

Independent Director	Chung, Kai-Hsun	R.O.C	Male	109.05.15	109.05.15	3 年	0	0	0	0	0	0	0	0	• Master of Law, Taipei University • Partner Lawyer of AY Commercial Law Offices • Lecturer, School of Law and Business, Soochow University • Lawyer of Ernst & Young Law Firm / Accounting Firm • Lawyer of Taiwan International Patent & Law Office • Staff of the Legal Affairs Office of the Trade Investigation Committee of the Ministry of Economic Affairs • Lawyer of RootLaw Firm	• Lawyer, AY Commercial Law Offices	-	-	-	

Note 1: After the first election date, the discharge date is June 29 2007; Since December 20 2011, it has been appointed as a director again.
Note 2: After the first election date, the discharge date is December 1 2014; Since June 16 2017, it has been appointed as a director again.
Note 3: After the first election date, the discharge date is May 15 2013; Since July 28 2015, it has been appointed as a director again.

3.2.2 Major shareholders of the institutional shareholders

2021/03/31

Name of Institutional Shareholders	Major Shareholders
Min Aik Technology Co., Ltd.	Morgan Stanley & Co. International Plc (2.25%) 、Zhen-Long Investment Co., Ltd. (2.07%), Yang, Jun-Yi (2.04%)、Chen-Source Inc. (2.04%)、Chia, Kin-Heng (1.48%) 、Koh Soe Khon(1.45%)、Hong-Yu Social Welfare Charitable Trust Fund (1.08%) 、 Taipei Fubon Commercial Bank Entrusted Property Account (1.03%)、Lgt Bank (Singapore) Ltd. (0.80%)、J.P. Morgan Securities Plc (0.56%)
Beacon Investments Limited (Malaysia)	Alpha Option Investments Limited (B.V.I) (100%)

3.2.3 Major shareholders of the Company's major institutional shareholders

2021/03/31

Name of Institutional Shareholders	Major Shareholders

Zhen-Long Investment Co., Ltd.	Chang, Lung-Ken (90%)
Chen-Source Inc.	Ming-Guan Investment Co., Ltd. (21.82%) 、Chen, Feng-Ming (21.74%) 、Chen, Mei-Chi (3.31%)
Alpha Option Investments Limited (B.V.I)	Leon Capital L.P. I (100%)

3.2.4 Professional qualifications and independence analysis of directors

2021/03/31

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chia, Kin-Heng			✓				✓		✓	✓		✓	✓	✓		0
Chang, Lung-Ken			✓	✓		✓	✓		✓	✓		✓	✓	✓		0
Jin, Bor-Shi			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Kuo, Yao-Wen			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Chen, John-Sea			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Sun, Chu-Wei		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chung, Kai-Hsun	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not applicable in cases where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.).
6. Not a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (Not applicable in cases where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.).
7. Not the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (Not applicable in cases where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
8. Not A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. Not A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations..
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.5 Management Team

2021/03/31

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	R.O.C	Fang, Kuang-Yi	Male	2010.05.01	874,022	1.14%	67,000	0.09%	0	0	• Bachelor of Science, St. John University of Technology • Sanyo Audio Machinery Development Engineer • Vice General Manager, Manufacturing Department, Min Aik Technology Co., Ltd. • Director of Min Aik Precision Industry Co., Ltd.	• Director of MAP Plastics Pte. Ltd. (Singapore) • Chairman and General Manager of Amould Plastic Technology (Suzhou) Co., Ltd. • Director of Evolution Holdings Limited • CEO of MAP Technology Holdings Pte. Ltd. • Director and General Manager of M&J Technologies Co., Ltd.	-	-	-
Assistant Vice President of Operating Service Division	R.O.C	Hsieh, Hsiu-Lan	female	2014.01.01	108,054	0.16%	3,250	0.00%	0	0	• Department of Business Administration, South Asian Institute of Technology • Purchasing Director of Qiming Machinery Co., Ltd.	• Director of Amould Plastic Technology (Suzhou) Co., Ltd. • Director of Evolution Holdings Limited	-	-	-
Assistant Vice President of Finance Administration Division, CGO	R.O.C	Hsiao, Chia-Ling	female	2010.07.01	55,734	0.07%	0	0	0	0	• Department of Enterprise Management, Longhua University of Science and Technology • Chongshi United Certified Public Accountants auditor • Min Aik Technology Co., Ltd. Accounting	• Supervisor of Amould Plastic Technology (Suzhou) Co., Ltd.	-	-	-
Senior Manager of Technical Manufacturing Division	R.O.C	Chen, Chin-Tung	Male	2020.11.06	1,882	0.00%	0	0	0	0	• Master of Chemical Engineering and Materials Science, Yuan Ze University • Deputy Section Chief of Unimicron Technology Corp. • R&D Engineer of Microbase Technology Corp. • QC Engineer of Min Aik Technology Co., Ltd.	-	-	-	-
Senior Manager of Product Development Division	R.O.C	Chang, Yu-Hua	female	2020.11.06	64,399	0.08%	5,000	0.01%	0	0	• Department of Chemical Engineering and Materials Engineering, Tamkang University • R&D & Manufacturing Assistant Manager of Mechema Chemicals International Corp. • R&D Assistant Vice President of Procoat Technology Co., Ltd.	• Director of Amould Plastic Technology (Suzhou) Co., Ltd.	-	-	-
Senior Manager of Sales Division	R.O.C	Li, Chung-Hsien	Male	2020.11.06	7,035	0.01%	0	0	0	0	• Department of Economics, University of Toronto • Customer Service of IPC Canada Ltd. • Factory Assistant of Hong Yang Industrial Co., Ltd. • Sales Supervisor of Min Aik Technology Co., Ltd. • Sales Deputy Manager of Min Aik Technology (Suzhou) Co., Ltd.	-	-	-	-
Accounting Officer	R.O.C	Chan, Chih-Chi	Male	2020.07.03	0	0	0	0	0	0	• Department of Finance, National Chung Cheng University • Deputy Manager of Deloitte Audit Department	-	-	-	-

Internal Auditing Officer	R.O.C	Chang, Ya-Wen	female	2016.09.02	5,020	0.01%	0	0	0	0	• University of Science and Technology, Department of Accounting • Section Chief, Accounting Department, Min Aik Precision Industry Co., Ltd.	-	-	-	-

3.3 Remuneration paid to directors, general manager, and vice general managers in the most recent year

3.3.1 Remuneration of Directors

Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from investments other than subsidiaries or the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng	420	420	0	0	52	52	34	34	1.69%	1.69%	0	0	0	0	0	0	0	0	1.69%	1.69%	None
Director	Min Aik Technology Co., Ltd. Representative: Chang, Lung-Ken	360	360	0	0	52	52	18	18	1.44%	1.44%	0	0	0	0	0	0	0	0	1.44%	1.44%	None
Director	Beacon Investments Limited Representative: Jin, Bor-Shi	1,300	1,300	0	0	52	52	39	39	4.64%	4.64%	0	0	0	0	0	0	0	0	4.64%	4.64%	None
Director	Beacon Investments Limited Representative: Kuo, Yao-Wen	360	360	0	0	52	52	26	26	1.46%	1.46%	0	0	0	0	0	0	0	0	1.46%	1.46%	None
Independent Director	Chen, John-Sea	540	540	0	0	53	53	44	44	2.12%	2.12%	0	0	0	0	0	0	0	0	2.12%	2.12%	None
Independent Director	Sun, Chu-Wei	451	451	0	0	53	53	28	28	1.77%	1.77%	0	0	0	0	0	0	0	0	1.77%	1.77%	None
Independent Director	Chung, Kai-Hsun	451	451	0	0	53	53	28	28	1.77%	1.77%	0	0	0	0	0	0	0	0	1.77%	1.77%	None

Director	Fang, Kuang-Yi (Note 1)	0	0	0	0	0	0	8	8	0.03%	0.03%	6,100	6,100	156	156	311	0	311	0	21.93%	21.93%	None
Independent Director	Liu, Chin-Tang (Note 1)	100	100	0	0	0	0	16	16	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	None
Independent Director	Kung, Tien-Hsing (Note 1)	100	100	0	0	0	0	16	16	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	None

1. Independent directors' remuneration policies, systems, standards and structures, and the relationship with the amount of remuneration will be described according to the responsibilities, risks, investment time and other factors: In addition to paying fixed remuneration and transportation fees for independent directors, directors compensation can also be allocated based on directors' tenure, concurrent committee members, and participation in company operations.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None

Note 1: Discharge on 2020.05.15

3.3.2 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from investments other than subsidiaries or the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Fang, Kuang-Yi	4,200	4,200	156	156	1,900	1,900	311	0	311	0	21.90%	21.90%	None
Vice General Manager	Mong, Ching-Yu (Note 1)	1,122	1,122	54	54	0	0	0	0	0	0	3.92%	3.92%	None

Note 1: Discharge on 2020.06.30

3.3.3 Names of managerial officers allocated with remuneration to employees and facts of allocation

Unit: NT$ thousands

Title	Name	Total Share Bonus	Total Cash Bonus	Total	Ratio of the Aggregate Amount to the Net Income After Tax (%)
General Manager	Fang, Kuang-Yi	0	528	528	1.76
Assistant Vice President	Hsieh, Hsiu-Lan				
Assistant Vice President Financial Officer	Hsiao, Chia-Ling				
Manager Accounting officer	Chan, Chih-Chi				

3.3.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents.

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT$ thousands

Remuneration payment object	2019				2020			
	Total remuneration		Ratio of total remuneration (%)		Total remuneration		Ratio of total remuneration (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Director	3,384	3,384	23.90%	23.90%	4,707	4,707	15.70%	15.70%
General Manager and Vice General Manager	11,569	12,800	81.71%	90.40%	7,743	7,743	25.82%	25.82%
Total	14,953	16,184	105.61%	114.30%	12,450	12,450	41.52%	41.52%

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The policy of the director's remuneration payment is set out in the company's articles of association. The payment method of the general manager and the deputy general manager is based on the company's “salary management method” standard, and the performance bonus is based on the company's operating performance and individual work performance. Basis for evaluation. All payments must be submitted to the " Remuneration Committee" for review, and then implemented after the resolution of the Director, and fully disclosed in the annual report in accordance with the provisions of the law.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

The board of directors met for 8 times (A) in the latest year (2020). Directors attending the meetings are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng	8	0	100%	Renew
Director	Beacon Investments Limited Representative: Jin, Bor-Shi	8	0	100%	
Director	Beacon Investments Limited Representative: Kuo, Yao-Wen	6	2	75%	
Independent Director	Chen, John-Sea	8	0	100%	
Director	Min Aik Technology Co., Ltd. Representative: Chang, Lung-Ken	4	0	100%	New appointment on 2020.05.15 (Should attend 4 time)
Independent Director	Sun, Chu-Wei	4	0	100%	
Independent Director	Chung, Kai-Hsun	4	0	100%	
Director	Fang, Kuang-Yi	2	2	50%	Discharge on 2020.05.15 (Should attend 4 time)
Independent Director	Liu, Chin-Tang	4	0	100%	
Independent Director	Kung, Tien-Hsing	4	0	100%	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable, since the company has established an audit committee; matters listed under Article 14-5 of the Securities and Exchange Act shall be applicable instead.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
   (1) The proposal of the annual bonus to be distributed to managers for 2019 was discussed at the board meeting on Jan. 15, 2020. As Fang Kuang-Yi, Chairman of the company, had interest in the proposal, he did not participate in the discussion or vote pursuant to the principle of recusal due to conflicts of interest, and should not vote on behalf of any director. The proposal was unanimously approved by all attending directors after the chairman asked for their opinions.
   (2) The board meetings dated March 27, 2020 discussed the issue of the group chairman's operational performance bonus. Since this discussion involved Chairman Jin, Bor-Shi, he

did not participate in the discussion and voting or exercise his voting right on behalf of other directors on the principle of avoiding a conflict of interest. The proposal was rejected after voting.

3. The self-evaluation (or peer evaluation) cycle and period, scope, method, and content of the Board:

Board Evaluation Status

Evaluation Cycle	Evaluation Period	Scope	Method	Content
Once every year	2020.01.01 to 2020.12.31	1. Board 2. Individual directors 3. Functional committees	Self-evaluation of the Board, committees, and directors	Note 1
At least once every three years	2018.11.01 to 2019.10.31	1. Board 2. Individual directors 3. Functional committees	An external independent institution [Taiwan Corporate Governance Association] is designated for evaluation	Note 2

Note 1: Content of evaluation:

(1) Board performance evaluation includes five major directions: the degree of participation in company operations, promotion quality of Board decisions, Board composition and structure, the selection and continuous training of directors, and internal control, with 45 indicators in total.

(2) The performance evaluation of individual directors includes six major directions: the control company goals and missions, knowledge to competences of director, the degree of participation in company operations, internal relationship operations and communication, professional and continuous study of director, and internal control, with 23 indicators in total.

(3) The performance evaluation of the audit committee includes five major directions: the degree of participation in company operations, promotion quality of functional committee decisions, the composition of functional committee and member selection, and internal control, with 22 indicators in total.

(4) The performance evaluation of the remuneration committee includes four major directions: the degree of participation in company operations, knowledge to the competence of functional committees, promotion quality of functional committee decisions, and the composition of functional committee and member selection, with 18 indicators in total.

Note 2: The external evaluation unit assesses eight major dimensions: the composition, instructions, authorization, supervision, communication, internal control, risk management, self-discipline, and other (board meeting, supporting system, etc.) of the Board, with 38 indicators in total via written review and field interview.

4. Evaluation of achievement of the goal of strengthening functions of the board of directors (e.g.: establishing an audit committee, enhancing transparency of information, etc.) during the current year and the latest years:

(1) To carry out corporate governance, enhance the functions of the Board, and establish performance goals to reinforce the efficiency of Board operation, the Board of the company approved the “Regulations Governing the Board Performance Evaluation” and implemented internal and external evaluation.

(2) To cooperate with the competent author regulations, the English version of the financial report and information related to shareholders are prepared, and significant information in English is published to promote the transparency of information.

3.4.2 Audit Committee

The audit meeting met for 8 times (A) in the latest year (2020). Independent directors attending the meetings are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Chen, John-Sea	8	0	100%	Renew
Independent Director	Sun, Chu-Wei	5	0	100%	New appointment on 2020.05.15 (Should attend 5 time)
Independent Director	Chung, Kai-Hsun	5	0	100%	
Independent Director	Liu, Chin-Tang	3	0	100%	Discharge on 2020.05.15 (Should attend 3 time)
Independent Director	Kung, Tien-Hsing	3	0	100%	

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.：

Date of Board Meeting / Term of Board of Directors	Content of Proposal, Resolution of Audit Committee, and How the Board of Directors Dealt With it Subsequently
2020.01.15 The 23th meeting of the 8th Session	1. Approved the Company's plant expansion plan. ■ Resolution of Audit Committee (2020.01.15)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2020.03.27 The 25th meeting of the 8th Session	1. Approved the reversal deferred income tax debt case. 2. Approved the business report, individual financial report and consolidated financial report of the company for 2019. 3. Approved the proposal of distributing earnings of 2019. 4. Approved the proposal of cash distribution from the capital reserve. 5. Approved the appointment and remuneration of the auditing CPA for 2020. 6. Approved the proposal of amendment to the "Accounting System" of the company. 7. Approved the proposal of amendment to the "Internal Control System" of the company. 8. Approved the declaration for internal control system of the company for 2019. 9. Adjust the annual audit plan of the company for 2020.

Date of Board Meeting / Term of Board of Directors	Content of Proposal, Resolution of Audit Committee, and How the Board of Directors Dealt With it Subsequently
	■ Resolution of Audit Committee (2020.03.27)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2020.05.11 The 26th meeting of the 8th Session	1. Approved the Company's consolidated financial quarter report for Q1 2020. 2. Approved the endorsement and guarantee for customs duties related matters. ■ Resolution of Audit Committee (2020.05.11)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2020.07.03 The 2nd meeting of the 9th Session	1. Approved the purchase of production equipment. 2. Appointment of the Company's financial and accounting officer. ■ Resolution of Audit Committee (2020.07.03)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2020.08.07 The 3rd meeting of the 9th Session	1. Approved the purchase of production equipment. 2. Approved the Company's consolidated financial quarter report for Q2 2020. 3. Approved the endorsement and guarantees provided for Esteem King Limited. ■ Resolution of Audit Committee (2020.08.07)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2020.11.06 The 4th meeting of the 9th Session	1. Approved the Company's consolidated financial quarter report for Q3 2020. 2. Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd. 3. Approved the annual audit plan of the company for 2021. ■ Resolution of Audit Committee (2020.11.06)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2021.01.22 The 5th meeting of the 9th Session	1. Approved the project results of the financial information agreement procedures handled by the appointed accountants. 2. Approved the capital loan of Esteem King Limited to Amould Plastic Technologies (Suzhou) Co., Ltd. ■ Resolution of Audit Committee (2021.01.22)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.
2021.03.17 The7th meeting of the 9th Session	1. Approved the business report, individual financial report, and consolidated financial report of the company for 2020. 2. Approved the proposal of distributing earnings of 2020. 3. Approved the proposal of cash distribution from the capital reserve.

Date of Board Meeting / Term of Board of Directors	Content of Proposal, Resolution of Audit Committee, and How the Board of Directors Dealt With it Subsequently
	4. Approved the appointment and remuneration of the auditing CPA for 2021. 5. Approved the proposal of amendment to the "procedures for acquisition or disposal of assets" and "procedures for the loaning of funds" of the Company and the subsidiaries. 6. Approved the declaration for internal control system of the company for 2020. ■ Resolution of Audit Committee (2021.03.17)：It was approved unanimously by all members of the audit committee. ■ How to deal with the opinion given by the audit committee: Consent to the resolution made by the audit committee.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):

(1) All independent directors were members of the audit committee. They not only had to review the audit report of the head of internal audit periodically and communicate with the head of internal audit, but also should invite the head of internal audit to report at the meeting of the audit committee, if necessary.

(2) Certified public accountants were also invited periodically to fully explain certification of financial statements of the company and relevant internal control and audit at the meeting of the audit committee

(3) Frequency of independent communication between independent directors and Head of audit and CPAs: Head of audit at least once a quarter; CPAs at least twice a year.

(4) Communication situation this year:

Date	Method of communication	Person to communicate with	Matters communicated	Result
2020.01.15	Audit Committee	Head of audit	(1) Performance of the audit plan for the period between October to November 2019.	(1) To deal with as suggested.
2020.03.17	Meeting on discussion	Head of audit	(1) No significant fault was shown in the result of self-evaluation in the internal control system in 2019. The internal control declaration stating that the internal	(1) The way used to explain the implementation of the evaluation of 5 major elements of internal control is amended slightly after the discussion.

Date	Method of communication	Person to communicate with	Matters communicated	Result
			control system had been valid would be prepared and submitted to the board of directors. (2) Report of internal audit work.	(2) To inform independent directors of the method the company has adopted, and to communicate to members of relevant departments the opinions obtained after the discussion.
2020.03.27	Audit Committee	Head of audit, Auditing CPA	(1) Performance of the audit plan for January 2020. (2) Internal control declaration for 2019 to be issued. (3) Individual financial report and consolidated financial report of the company for 2019 to be reviewed.	(1) To deal with as suggested. (2) To consent to issue the internal control declaration of the company for 2019. (3) To submit to the board of directors for its resolution after the review.
2020.05.07	Meeting on discussion	Head of audit	(1) Report of internal audit work.	(1) To inform independent directors of the method the company has adopted, and to communicate to members of relevant departments the opinions obtained after the discussion.
2020.05.11	Audit Committee	Head of audit	(1) Performance of the audit plan for the period between February to March 2020.	(1) To deal with as suggested.
2020.07.03	Audit Committee	Head of audit	(1) Performance of the audit plan for April 2020.	(1) To deal with as suggested.
2020.07.10	Meeting on discussion	Head of audit	(1) Discussion of contract project audit.	(1) To inform independent directors of the method the company has adopted, and to communicate to members of relevant departments the opinions obtained

Date	Method of communica tion	Person to communicat e with	Matters communicated	Result
				after the discussion.
2020.08.07	Audit Committee	Head of audit	(1) Performance of the audit plan for May 2020.	(1) To deal with as suggested.
109.10.21	Meeting on discussion	Head of audit	(1) Report of internal audit work.	(1) To inform independent directors of the method the company has adopted, and to communicate to members of relevant departments the opinions obtained after the discussion.
2020.11.06	Audit Committee	Head of audit, Auditing CPA	(1) Performance of the audit plan for the period between June to July 2020. (2) Discuss the 2021 audit plan. (3) CPA's annual audit and planning report. (4) Key matters for audit to be identified, and explanation and discussion of audit procedures to be implemented.	(1) To deal with as suggested. (2) To deal with as suggested. (3) The CPA has explained and identified the key matters for audit and the audit procedures to be implemented. (4) Both parties have reached an agreement.
2020.11.19	Meeting on discussion	Head of audit	(1) Evaluation of audit organization and adjustment of audit work.	(1) To deal with as suggested.
2020.12.31	Meeting on discussion	Head of audit	(1) Report of internal audit work.	(1) To inform independent directors of the method the company has adopted, and to communicate to members of relevant departments the opinions obtained after the discussion.

4. Functionality of the Audit Committee:

(1) The main function of the Audit Committee is to supervise the following matters:

A. Fair presentation of the financial reports of this Corporation.

B. The hiring (and dismissal), independence, and performance of certificated public accountants of this Corporation.

C. The effective implementation of the internal control system of this Corporation.
D. Compliance with relevant laws and regulations by this Corporation.
E. Management of the existing or potential risks of this Corporation.

(2) The audit committee of the company held 8 meetings in 2020, and the actual attendance rate of all members was 100%. The work priorities completed this year are as follows: ：

A. Assessment of the effectiveness of the internal control system.
B. Asset transactions.
C. Loans of funds, endorsements, or provision of guarantees of a material nature.
D. The hiring or dismissal of a certified public accountant, or their compensation.
E. Annual and quarterly financial reports.
F. Other material matters as may be required by this Corporation or by the competent authority. 。

5. The state of participation in board meetings by the supervisors in the most recent year: Not applicable, since the company has established an audit committee.

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The board of directors of the company established and disclosed the corporate governance principles in Market Observation Post System and its website on Jan. 26, 2016.	None
2. Shareholding structure & shareholders' rights				None
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?		✓	(1) The company has not established an internal operating procedure, but has designated a spokesperson, an acting spokesperson and share affairs personnel to deal with suggestions, disputes and conflicts of shareholders. It has also established a specific section for stakeholders and designated a contact person for investors at its website.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The company has designated share affairs personnel to manage relevant information and appointed a stock transfer agent to assist the company in dealing with share-related matters. By doing so, the company is informed of main shareholders that actually control the company and the final controllers of the main shareholders.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The company and its affiliates have their respective rights and responsibilities for management of their respective employees, assets and financial affairs, and have established their respective internal control systems to clarify and ensure everything goes in	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
    (4) Does the company establish internal rules against insiders trading with undisclosed information?	 ✓		compliance with applicable laws. Risk evaluation is also conducted periodically and from time to time to complete the management mechanism and establish proper firewalls. (4) The company has established the Operating Procedure for Processing of Internal Important Information to regulate its operation of internal important information confidentiality and its procedure of banning purchase and sale in order to prevent insider trading.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	 ✓		 (1) In order to strengthen the functions of the Board, the Company's " Corporate Governance Best Practice Principles" specifies that the composition of the Board of Directors should be diversified to ensure that the Board as a whole can have operational judgment, operational management and analytical oversight capabilities, and in the Company's "Procedures for Election of Directors" Establish a policy of diversity of board members. The Professional background of the 7 current directors covers commerce, finance, accounting and the field in which the company engages its business. The ability of the board of directors of the company to implement the diversification policy and the ability to perform duties is as follows (Note 2)	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The company has set up the salary and remuneration committee in accordance with applicable laws and established an audit committee actively. It also plans to set up other committees with different functions in accordance with applicable laws and based on actual needs in the future.	
(3) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) The company has formulated performance evaluation methods for the board of directors and conducts regular performance evaluations. In addition to submitting the evaluation results to the board for review and improvement, the evaluation results will also be used as a reference for individual directors' salary and remuneration.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) Before appointing an auditing CPA every year, The company evaluates independence (Note 2) and competence (Note 3) of the auditing CPA pursuant to Statement No. 10 "Integrity, Fairness and Independence" of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, requests the auditing CPA to issue the declaration of independence, and submit the proposal of appointment and remuneration of the auditing CPA to the audit committee and Board of Directors for approval.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The company has appointed the Corporate Governance Officer, responsible for handling corporate governance related matters, and its terms of reference, current year's business execution and training are as follows (Note 5).	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company has established the stakeholder section at its website to identify stakeholders that it contacts or influences based on the business of each unit and collect feedback and concerns of stakeholders through course of business, interview, telephone, Email, website and any other communication chancel. For the concerns of different stakeholders, the company determines priority and actions based on the importance and impact of the concerns on the company and through internal communication and negotiation and the integrated evaluation made by the management. the company responses timely to their important concerns of the stakeholders after further understanding their reasonable expectations and needs through proper channels.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed "Stock-Affairs Agency Department of Taishin International Bank" to deal with affairs relating to shareholders' meetings.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
7. Information Disclosure				None
(1) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(1) The company has established a website to disclose its financial business and governance information.	
(2) Does the company have other information disclosure channels (e.g., maintaining an English language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		(2) The company has designated proper persons to collect and, if necessary, disclose its information. With the established system of spokesperson, the company has a spokesperson and an acting spokesperson.	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	(3) The company's financial report and monthly operating status are completed within the statutory period.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of	✓		Information relating to governance of the company is as follows: (1) Rights of Employees and Care for Employees: The company adopts the minimum requirements provided in the Labor Standards Act, the Act of Gender Equality in Employment, the Sexual Harassment Prevention Act and applicable government regulations in its personnel management regulations to ensure rights and benefits of its employees.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
customer relations policies, and purchasing insurance for directors and supervisors)?			(2) Relationship with Investors: The company discloses its important operational information periodically and also continues to enhance information transparency for investors to be aware of operational activities and development planning of the company. (3) Relationship with Suppliers: The company maintains a good and long-term relationship with its suppliers and provides a mailbox for complaints in the stakeholder section on its webpage. (4) Rights of Stakeholders: For protecting rights and interests of stakeholders, the company has established various unimpeded communication channels. It deals with things pursuant to the principle of good faith and with a responsible attitude and also assumes corporate social responsibility properly. (5) Training Programs for Directors and Supervisors: The courses and hours of the training programs taken by the company's directors and independent directors meet the Directions for the Implementation of Continuing Education for Directors and Supervisors of Listed and OTC Companies. The status of training is disclosed in Market Observation Post System. (Please see the table below.) (6) Performance of Risk Management Policy and Risk Evaluation Standards: The company conducts risk	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			management and evaluation in accordance with internal regulations to control risks. (7) Performance of Customer Policy: The company and its subsidiaries value opinions of customers very much. It holds meetings periodically to review business with customers in order to understand opinions of customers about products and relevant questions and maintain a stable relationship with customers to create profits for the company. (8) Insurance Acquired by the company for Directors and Supervisors: The company has acquired liability insurance for directors.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.	✓		The results of the company's corporate governance evaluation in 2020 have not yet been published, but the company has given priority to the disclosure of English information and the performance evaluation of directors in 2020, and has also made efforts to meet the requirements of various new indicators.	None

Note 2: Board members implement diversification policy

(1) The 9th Board of Directors of the Company consists of 4 General Directors and 3 Independent Directors.
Among them, the directors with employee status accounted for 0%, female directors accounted for 0%;
The two Independent Directors are appointed for a period of 1 years, One Independent Director is appointed for a period of 4 years;
The two directors are between 46 and 50 years old, the two directors are between 51 and 60 years old, the three directors are between 61 and 70 years old, the average age of all directors is about 58 years old.

(2) The ability of individual members to perform their duties is as follows:

Diversity items / Name	Nationality	Gender	The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision-making ability
Chia, Kin-Heng	Singapore	Male	✓		✓	✓	✓	✓	✓	✓
Chang, Lung-Ken	R.O.C	Male	✓		✓	✓	✓	✓	✓	✓
Jin, Bor-Shi	R.O.C	Male	✓	✓	✓	✓	✓	✓	✓	✓
Kuo, Yao-Wen	R.O.C	Male	✓	✓	✓	✓	✓	✓	✓	✓
Chen, John-Sea	R.O.C	Male	✓		✓	✓	✓	✓	✓	✓
Sun, Chu-Wei	R.O.C	Male	✓	✓	✓	✓		✓	✓	✓
Chung, Kai-Hsun	R.O.C	Male	✓		✓	✓		✓	✓	✓

(3) The specific management goals and achievement status of the board of directors diversity policy：

Diversity items	Specific management goals	Current achievement
Gender	At least one female director	
Expertise or Background	At least one accountant	✓
	At least one lawyer	✓

Note 3: Independent evaluation items: (15 items in total)

(1) The term of office of the auditing CPA is less than 7 years.
(2) Do the members of the audit service team, other joint practicing CPAs or CPA firm shareholders, CPA firms and their respective affiliates remain independent from the company?
(3) Neither the auditing CPA nor the members of the audit service team serve as director, supervisor or manager of any audited customer or in any important position currently or in the latest 2 years.
(4) Neither the auditing CPA nor the members of the audit service team have a kinship relationship with any director, supervisor, manager of the company or any person having an important influence on an audit case.
(5) The auditing CPA has not served as director, supervisor or manager of the company or in any important position having an important influence on an audit case within one year after his/her resignation.
(6) The auditing CPA does not have any direct or indirect important financial interest in the company.
(7) The revenue of the auditing CPA's firm does not come from a single customer (The Company).
(8) The auditing CPA does not have a significant and close business relationship with the company.
(9) There is not an employer and employee relationship between the auditing CPA and the company.
(10) The auditing CPA has no contingent sponsorship relevant to an audited case.
(11) No item in the non-audit service provided by the company to the auditing CPA influences an audited case directly.
(12) The auditing CPA does not represent the company to defend in a legal case of a third party or any other dispute.
(13) The auditing CPA does not promote or introduce stocks or securities issued by the company.
(14) The auditing CPA does not receive valuable gifts or special preference from the company or any of its directors, supervisors, managers or main shareholders.
(15) Neither the auditing CPA nor the members of the audit service team temporarily take care of money on behalf of the company.

Note 4: Competence Evaluation Items:

(1) Service Quality and Scale: 7 items in total
(2) Profession: 5 items in total
(3) Time Limitation: 3 items in total

Note 5：Corporate Governance Officer established and Operation:

(1) In order to strengthen corporate governance and enhance the effectiveness of the Board of Directors, we will consider the relevant provisions of Article 3(1) of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the "Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of Listed Companies", and will be issued on January 17, 2019. The board of directors decided to appoint the Corporate Governance Officer.

(2) Terms of Reference: including but not limited to the following:

A. Handling matters related to the meetings of the board of directors and shareholders meeting in accordance with the law.

B. Production of the board of directors and shareholders' meeting.
C. Assist the directors to take up their duties and continue their education.
D. Provide the information required by the directors to conduct business.
E. Assist the directors to follow the laws and regulations.
F. Other matters as stipulated in the company's articles of association or contract.

(3) The implementation of the annual business: the implementation of the above business will be handled or supervised in accordance with the laws and regulations.

A. Handle the pre-registration and various announcements of the shareholders' meeting according to law, and make relevant notices, discussion manuals and other related matters within the statutory time limit.
B. Assist in the compliance of the board of directors and the committee's proceedings and resolutions to ensure compliance with relevant laws and corporate governance practices:
    a. Prepare the agenda of each board of directors, notify the directors and provide the information required for the meeting before the 7th, and complete the production and distribution of the minutes within 20 days after the meeting.
    b. Remind the directors to abide by the regulations and matters that need to be avoided when implementing the business or conference resolutions.
    c. Issue important information of important resolutions of the board of directors and ensure the legality and correctness of the contents of the announcement to protect the rights and interests of investors.
C. Formulate an annual training plan and assist in arranging courses according to the company's business field and the characteristics of the industry and the background of each director's study and experience.
D. Arrange for the audit supervisor, accountant, visa accountant and relevant department heads to communicate and communicate with the directors to assist the directors in performing their duties.

(4) Annual training records:

Name	Study Date	Sponsoring Organization	Course	Training hours	Annual training hours
Hsiao, Chia-Ling	2020/08/25 2020/08/26	Securities & Futures Institute	Corporate Governance Officer Practice Seminar	12	18
	2020/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	
	2020/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm’s Length Transactions That Directors and Supervisors Should Pay Attention to	3	

Note 6：2020 Directors’ training records:

Name	Study Date	Sponsoring Organization	Course	Training hours	Annual training hours
Chia, Kin-Heng	2020/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	6
	2020/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm’s Length Transactions That Directors and Supervisors Should Pay Attention to	3	

Chang, Lung-Ken	2020/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	6
	2020/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm's Length Transactions That Directors and Supervisors Should Pay Attention to	3	
Jin, Bor-Shi	2020/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	6
	2020/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm's Length Transactions That Directors and Supervisors Should Pay Attention to	3	
Kuo, Yao-Wen	2020/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	6
	2020/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm's Length Transactions That Directors and Supervisors Should Pay Attention to	3	
Chen, John-Sea	2020/09/22	Taiwan Institute of Directors	KPMG Leadership Academy Forum: Responding to Great Changes and Improving Corporate Governance	3	6
	2020/12/16	Securities & Futures Institute	Discussion on Fraud Cases of Enterprise Financial Statements	3	
Sun, Chu-Wei	2020/07/09	Securities & Futures Institute	The new version of corporate governance and the matters to be followed when the board of directors exercises its powers	3	6
	2020/07/09	Securities & Futures Institute	Discussion on Fraud Cases of Enterprise Financial Statements	3	
Chung, Kai-Hsun	109/09/04	Securities & Futures Institute	Prevention of insider trading and insider equity trading promotion briefing	3	15
	109/10/22	Securities & Futures Institute	Discussion on the Salary Issues of Employees and Directors	3	
	109/11/10	Taiwan Corporate Governance Association	How the Audit Committee Supervises the Effectiveness of Internal Control	3	
	109/11/18	Taiwan Corporate Governance Association	Obligations and Liabilities of Directors under the Securities Laws	3	
	109/11/18	Taiwan Corporate Governance Association	Empirical Issues for Abnormal/Non-Arm's Length Transactions That Directors and Supervisors Should Pay Attention to	3	

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information on Members of the Remuneration Committee

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chung, Kai-Hsun	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Sun, Chu-Wei		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Independent Director	Chen, John-Sea			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs..

(5) Not A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not applicable in cases where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.).

(6) Not a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (Not applicable in cases where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.).

(7) Not the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (Not applicable in cases

where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)

(8) Not A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(9) Not A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. Remuneration Committee Scope of duties

According to the company's Remuneration Committee Charter, the Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion. However, recommendations regarding compensation for supervisors may be submitted to the board of directors for discussion only when the board of directors is expressly authorized to resolve on that matter by the articles of incorporation or by a resolution of the shareholders meeting:

(1) Periodically reviewing this Charter and making recommendations for amendments.
(2) Establishing and periodically reviewing the annual and long-term performance goals for the directors, supervisors, and managerial officers of this Corporation and the policies, systems, standards, and structure for their compensation.
(3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, and setting the types and amounts of their individual compensation.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

(1) Ensuring that the compensation arrangements of this Corporation comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
(2) Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Corporation.
(3) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.
(4) For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Corporation's business.
(5) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors, supervisors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of this Corporation, the Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

3. Attendance of Members at Remuneration Committee Meetings

(1) The Remuneration Committee of the Company is comprised 3 members.

(2) Committee members' tenure of their current term: from May 21, 2020 to May 14, 2023. and the Remuneration Committee held 5 meetings(A) in 2020, during the most recent year, and members' qualifications and their attendance are given as bellows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Chen, John-Sea	5	0	100%	Renew
Independent Director	Sun, Chu-Wei	3	0	100%	New appointment on 2020.05.21 (Should attend 3 time)
Independent Director	Chung, Kai-Hsun	3	0	100%	
Independent Director	Kung, Tien-Hsing	2	0	100%	Discharge on 2020.05.15 (Should attend 2 time)
Independent Director	Liu, Chin-Tang	2	0	100%	

Other mentionable items:

(1) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion:

A. 2020.03.27 The 25th meeting of the 8th Session
Proposal: Discuss the 2019 Group Chairman's Operating Performance Bonus.
Resolution: After the board of directors voted, the proposal was not approved.
Opinion response: After the board of directors voted, the proposal was not approved.

B. 2020.11.06 The 4th meeting of the 9th Session
Proposal: Formulate the company's employee shareholding trust management measures.
Resolution: The board of directors decided to discuss this proposal next time.
Opinion response: Although the board of directors agrees with the committee's resolution, it is decided to discuss the proposal again at the next board of directors.

C. 2021.01.22 The 5th meeting of the 9th Session
Proposal: Discuss the proposal for the manager's annual bonus in 2019.
Resolution: The case was approved after the board of directors resolved to supplement some materials.
Opinion response: Agree with the committee's resolution, but it is approved after the board of directors resolves to supplement some materials.

(2) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

A. 2020.07.03 The 1st meeting of the 4th Session
Proposal: Revision of the company's "Directors and functional members' remuneration payment method" proposal.

Members' opinions: Independent director Chen, John-Sea believes that now is not the right time to adjust the monthly fixed salary of all directors. He suggested that adjustments should be made at the end of the year based on the company's profitability, so he opposes it.

Opinion response: Submit to the board of directors for discussion.

(3) Content of Proposal, Resolution of Remuneration Committee, and How the company Dealt With it Subsequently：

Date/Term	Content of Proposal, Resolution of Remuneration Committee, and How the company Dealt With it Subsequently
2020.01.15 The 13th meeting of the 3rd Session	1. Approved managers' 2019 KPI assessment and 2020 KPI setting. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee's resolutions. 2. Approved the 2019 group and manager annual bonuses proposal. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee's resolutions.
2020.03.27 The 14th meeting of the 3rd Session	1. Approved the 2019 Group Chairman's Operating Performance Bonus. ■ Resolution: Approved by vote. ■ Opinion response: After the board of directors voted, the proposal was not approved.
2020.07.03 The 1st meeting of the 4th Session	1. Revision of the company's "Directors and functional members' remuneration payment method" proposal. ■ Resolution: Submit to the board of directors for discussion. ■ Opinion response: This proposal was approved by the board of directors after discussion and voting. 2. Approval of the Manager's Retirement Benefit Proposal. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee's resolutions. 3. Approved the salary proposal for the new accounting officer. ■ Resolution: It was approved unanimously by all members of the Remuneration committee. ■ Opinion response: Agree and implement the committee's resolutions.
2020.08.07 The 2nd meeting of the 4th Session	1. Approved the manager promotion and salary adjustment proposal of MAP Plastic Pte. Ltd. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee's resolutions.
2020.11.06 The 3rd meeting of the 4th Session	1. Formulate the company's employee shareholding trust management measures. ■ Resolution: All members approve the revised proposal. ■ Opinion response: Although the board of directors agrees with the committee's resolution, it is decided to discuss the proposal again at the next board of directors.
2021.01.22 The 4th meeting of the 4th Session	1. Approved the KPI of managers for 2021. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee's resolutions. 2. Approved the proposal of distributing annual bonuses to managers for 2020. ■ Resolution: All members approve the revised proposal. ■ Opinion response: The case was approved after the board of directors resolved to supplement some materials. 3. Approval of the salary adjustment of the company's managers. ■ Resolution: All members approve the revised proposal.

Date/Term	Content of Proposal, Resolution of Remuneration Committee, and How the company Dealt With it Subsequently
	■ Opinion response: Agree and implement the committee’s resolutions. 4. Formulate the company's employee shareholding trust management measures. ■ Resolution: Approved by all members. ■ Opinion response: Although agreed with the committee’s resolution, it was approved by the board of directors after amendment.
2021.02.08 The 5th meeting of the 4th Session	1. Approved the proposal of distributing annual bonuses to managers of Amould Plastic Technologies (Suzhou) Co., Ltd. for 2020. ■ Resolution: Approved by all members. ■ Opinion response: Although agreed with the committee’s resolution, it was approved after the board of directors voted.
2021.03.17 The 6th meeting of the 4th Session	1. Approved the distribution of employees' and directors' compensation in 2020. ■ Resolution: Approved by all members. ■ Opinion response: Agree and implement the committee’s resolutions.

3.4.5 Fulfillment of Social Responsibility and Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		To ensure that the occupational safety and health management requirements (OHSAS 18001) and social responsibilities (SA 8000) are achieved, the company has established such risk evaluation management procedures as considering the issues mentioned in the different links of organization, stakeholders, and other matters as required by the occupational safety and health system and SA8000 prior to the establishment or implementation of the management system.	None
2. Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?	✓		Operational Service Office is authorized by the company to create the best interests for shareholders and employees and perform social responsibility based on the philosophy of sustainable operation and enhance of corporate values.	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) The company has acquired various pollution facilities and emission permits pursuant to the regulations, pays pollution control expenses, and has established ISO 14001 and OHSAS 18001 management systems in order to meet legal requirements and also expects to apply higher standards than the regulations.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) The company and all of its subsidiaries execute garbage classification and establish resource recycling sites, as well as uses reclaimed paper and encourages the use of environmental chopsticks and cups to reduce the impact on the environment. To reduce water consumption, the company recycles wastewater to reduce the burden of wastewater on the natural environment. Regarding energy usage, the company has introduced various energy saving measures. In addition to installing smart power meters in partial areas, all lamps have been replaced by energy-saving ones to reduce energy consumption and help the environment.	
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(3) To slow down global warming, the company has replaced the low sulfur boiler fuel with natural gas to reduce 50% of carbon emission and contribute some efforts to slow down global warming.	
(4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	✓		(4) The company calculated its greenhouse gas emissions from the previous two years and disclosed them on our website. Meanwhile, such policies as waste reduction, wastewater recycling, and steam power recycling have also been established to promote environmental protection.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
4. Social issues				None
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The company not only complies with applicable labor regulations, but also acquires for each employee, in addition to labor / national health insurance. The employee's welfare committee has also been organized to hold a labor-management consultation meeting periodically to protect rights and benefits of employees.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2) The company has established complete employee welfare measures and retirement systems, while the appropriation ratio of employee compensation is also specified in the articles of incorporation to reflect the operational performance and results in employees' remuneration.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The company provides a safe and healthy work environment for employees, holds a safety training for employees periodically, and provides health checkup services.	
(4) Does the company provide its employees with career development and training sessions?	✓		(4) For coordinating labor relations, facilitating labor-management cooperation and enhancing work efficiency, the company holds a labor-management consultation meeting periodically in accordance with the Labor Standards Act for effective	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures? (6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓ ✓		management and exchange through smooth two-way communication. (5) The components produced by the company are not end products, and thus no consumer protection and complaint procedures have been established. However, the company follows SA 8000 regulations by signing NDA to protect customers' privacy and the rights of both parties. To maintain the health and safety of customers, all the materials used satisfy RoHS requirements, and the restricted substances and green guarantee are specified to assume corporate responsibility. Meanwhile, the company follows environmental laws to report and handle business waste. (6) The company has concluded contracts with major suppliers and implemented SA8000 training to suppliers and requested periodical audits. For suppliers violating social responsibility and causing material effects to the environment, the company may cancel or terminate the contract based on the content of the agreement.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility		✓	Although the company has not yet prepared its corporate social responsibility report, we are still devoted to promoting social responsibility and have acquired SA 8000 certification.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td>reports? Do the reports above obtain assurance from a third-party verification unit?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">6. If the company has its own corporate social responsibility policy in accordance with the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies, please specify its operation and the difference from its policy.

The company has not established the code of practice and corporate social responsibility. However, to keep its promise to employees, shareholders and the public, the company not only makes information transparent, but also actively participates in environmental protection and public welfare activities. By doing so, the company has complied with the spirit of the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">7. Important information helpful for understanding corporate social responsibility:

(1) Employees of the company are offered equal rights of employment and opportunities of expressing opinions and developing abilities freely regardless of race, sex and age. the company has also established and complied with strict standards for safety and health of the work environment for employees.
(2) As a corporate citizen, the company, when developing its business, also pays attention to protection of natural environment and prevention of occupational injury to meet the requirements provided by internal and external customers. To perform social responsibility, the company also promotes the road adoption activity while facilitating the growth of the enterprise as well as environmental protection.
(3) The company has achieved ISO14001, OHSAS18001 and CNS15506 certification. A team of Code of Conduct - Responsible Business Alliance (RBA; former EICC) has been established internally. Members of the team not only promote the aforementioned system, but also visit nearby underprivileged groups needing assistance in hopes of starting from communities to take care every corner that needs us.
(4) With the philosophy of “Take from Society and Give Back to Society”, the company performs its obligations as an enterprise by developing and realizing the concept of environmental protection and making charitable contributions in order to bring about care and warmness for the society. Checking greenhouse gases has been listed as one of the key points in work in recent years. The company actively reduces greenhouse gases in order to achieve the objective of reduction of CO2 omission.</td></tr>
</table>

3.4.6 Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description of Summary	
1. Establishment of ethical corporate management policies and programs				None
(1) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		(1) The company not only establishes the ethical corporate management principles and the procedures for ethical management and guidelines for conduct, but also establishes FCPA management procedures and ethics management procedures in accordance with the Responsible Business Alliance (RBA; former EICC) specifications.	
(2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best- Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) The company has established the ethical corporate management principles and the procedures for ethical management and guidelines for conduct, and has implemented them step by step. Training for new employees and on-the-job training will be communicated to all employees pursuant to the company’s requirements for integrity and guidelines for conduct.	
(3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention	✓		(3) The company has established relevant operational procedures in the “integrity operation procedures and code of conduct” to actively prevent dishonest acts.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
plan, and does it implement and periodically review and revise the plan?				
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan? (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the	✓ ✓ ✓ ✓		(1) The company and its subsidiaries have established an assessment mechanism for their customers. When executing a contract with a customer, the company, which has clearly provided the rights and obligations of both parties in detail in the contract, makes a confidentiality agreement with the customer. (2) Operational Service Office is authorized by the company to be responsible for developing and dealing with ethical corporate management related matters for the company and its subsidiaries, and reporting the status of performance of the previous year to the Board of Directors every year. (3) The company provides a policy for prevention of conflicts of interest and states relevant channels in the ethical management procedures for employees and the procedure for employees to complain and participate in management. (4) The design of the accounting systems and internal control systems of the company and its subsidiaries are examined by the CPAs retained	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?			by the company and its subsidiaries and are reviewed periodically. During the audit conducted by internal auditors, no violation by any employee or the management of ethical corporate management principles has been found.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The company holds internal educational training on ethical corporate management periodically and from time to time and holds external educational training based on actual needs.	
3. Operation of whistleblowing system (1) Does the company establish both a reward/ punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation? (3) Does the company provide proper whistleblower protection?	 ✓ ✓ ✓		 (1) The company has provided a concrete reporting and reward system in the procedures for ethical management and guidelines for conduct. Internal or external persons are able to complain or report via telephone and Email. An ad hoc unit is authorized to deal with matters relevant to complaints. (2) The company has provided relevant standard procedures and the confidentiality mechanism in the procedures for ethical management and guidelines for conduct. (3) The company has provided relevant measures in the procedures for ethical management and guidelines for conduct.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td>4. Strengthening information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>✓</td><td></td><td>The company has disclosed information regarding ethical corporate management principles at its website and in Market Observation Post System.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None</td></tr>
<tr><td colspan="5">6. Important information helpful for understanding ethical corporate management: (e.g.: review and amendment of the ethical corporate management principles, etc.)

The Board of Directors of the company approved the establishment of the ethical corporate management principles on Mar. 6, 2013 and approved the establishment of the procedures for ethical management and guidelines for conduct on Aug. 9, 2013. On Mar. 25, 2015, the Board of Directors also amended the company’s ethical corporate management principles and procedures for ethical management and guidelines for conduct, after referring to the examples announced by the competent authority, in accordance with applicable laws and the company’s governance-related rules and based on the company’s actual needs.</td></tr>
</table>

3.4.7 If the Company has established Corporate Governance Best Practice Principles and related regulations, the inquiry methods shall be disclosed：The information has disclosed At the Investor’s Zone of the Company’s official website and the Market Observation Post System (MOPS).

3.4.8 Other Important Information Relating to Governance of the company:

(1) The company set up the salary and remuneration committee on March 6, 2013.
(2) The company set up the audit committee on April 17, 2014.
(3) The Board of Directors of the company approved to establish the “corporate governance principles” on January 26, 2016.
(4) The company's board of directors established a Corporate Governance Officer on January 17, 2019.

3.4.9 The Performance in Internal Control System shall disclose items given as follows:

A. Declaration of Internal Control System

Min Aik Precision Industrial Co., Ltd.
Declaration of Internal Control System
Date: March 17, 2021

Over the Company's internal control system of Year 2020, based on the results of our self-evaluation, we'd hereby like to declare enumerated below:

1. Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's Board of Directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance of the effect and efficiency of the business operation (including profitability, performance and assurance of the safety of assets), reliability of reports, timeliness, transparency and accomplishment of the compliance targets on related requirements, laws and regulations.

2. Internal control system is subject to inherent restriction, disregarding how sound it has been designed. Effective internal control system could only provide rational assurance for accomplishment of the three aforementioned targets. Besides, in line with the changes in circumstances and environments, effectiveness of internal control system might change as well. For the Company's internal control system, nevertheless, we have set up sound self-superintendence mechanism. As soon as a defect is identified, the Company would take corrective action forthwith.

3. Exactly in accordance with the items of judgment for the effectiveness of the internal control system under "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Managerial Regulations"), we duly judge whether the internal control system is effective in design and implementation. The items adopted for aforementioned "Managerial Regulations" for judgment of internal control system are the process for management control. The internal control system is composed of five composition elements: 1. Circumstances of control, 2. Risk evaluation, 3. Control operation, 4. Information and communication, and 5. Superintendence. Each and every composing element includes a certain items. For more details regarding the aforementioned items, please refer to contents of the "Criteria".

4. Here at the Company, we have adopted the aforementioned items of judgment over internal control system to evaluate the effectiveness of the design and implementation of the internal control system.

5. On the grounds of the results of evaluation in the preceding paragraph, we are confident that the Company's internal control system in design and implementation as of December 31, 2020 (including the superintendence and management over subsidiaries), including the understanding of the results and efficiency of business operation in accomplishment of the targets, reliability of reports, timeliness, transparency and compliance of the relevant laws and regulations are effective and would reasonably assure accomplishment of the aforementioned targets.

6. The Declaration will function as the key element of the Company's Annual Report and Prospectus and will be made public externally. In the event that the aforementioned made public involve misrepresentation, concealment or such unlawful practice, the Company shall get involved in the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7. This Declaration has been approved by the Company's Board of Directors on March 17, 2021. Seven (7) directors were in attendance, none kept objecting opinions, and all directors in

attendance hereby state their agreement to the contents of this declaration.

Min Aik Precision Industrial Co., Ltd.

Chairman: Chia, Kin-Heng

General Manager: Fang, Kuang-Yi

B. Where accountant was commissioned to perform ad hoc review on the internal control system, the accountant review report required to be disclosed: None

3.4.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements : None

3.4.11 In the most recent year and as of the Annual Report issuance date, the Key Resolutions resolved in the shareholders' meeting and Board of Directors are as below:

(1) The summary and important resolutions made at the shareholders' meeting and the status of performance are stated as follows:

Important Resolutions Made at Regular Meeting of Shareholders on May 15, 2020		
Subject	Result of Resolution	Status of Performance
(1) Proposal of recognizing the business report and financial statements of 2019	Approved after voting	Relevant statements have been announced and reported in accordance with applicable regulations.
(2) Proposal of recognizing the proposal of earnings distribution plan for 2019	Approved after voting	
(3) Proposal for cash dividend by capital surplus	Approved after voting	Allocated in accordance with the resolution of the shareholders meeting, the dates are as follows: 1. Record date of distribution: 2020.7.10 2. Date of cash distribution: 2020.7.30
(4) Amendment to the Company's Articles of Incorporation	Approved after voting	The revised "Articles of Incorporation" and the newly appointed directors were approved by the Ministry of Economic Affairs No. 1090193760 dated June 12, 2020 to change registration.
(5) To elect directors to the Board of Directors for the 9th Term.	7 directors elected after voting	
(6) Release the Directors from Non-Competition Restrictions.	Approved after voting	It has been implemented after the approval of the shareholders meeting.

(2) Important matters resolved by board of directors: (Jan. 1, 2020 to March 31, 2021)

Date/Term	Important matters resolved
2020.01.15 The 23th meeting of the 8th Session	(1) Approved the operational plan of the company for 2020. (2) Approved the proposal of distributing annual bonuses to managers for 2019. (3) Approved the Company's plant expansion plan. (4) Approved the proposal of applying to the bank for credit extension.
2020.02.26 The 24th meeting of the 8th Session	(1) Approved the proposal of amendment to the "Rules of Procedure for Board of Directors Meetings", "Audit Committee Charter " and "Remuneration Committee Charter" of the company. (2) Approved the proposal of convening the general meeting of shareholders for 2020 and other relevant matters. (3) Proposal for shareholders to re-election the 9th director of the company.
2020.03.27 The 25th meeting of the 8th Session	(1) Approved the reversal deferred income tax debt case. (2) Approved the business report, individual financial report, and consolidated financial report of the company for 2019. (3) Approved the proposal of distributing earnings of 2019. (4) Approved the proposal of cash distribution from the capital reserve. (5) Approved the proposal of amendment to the "Articles of Association" of the company. (6) Nomination and examination of nominees. (7) Proposal for shareholders' meeting to lift the restriction on the prohibition of competition for new directors. (8) Added the reason for convening the 2020 shareholders' meeting of the company. (9) Approved the appointment and remuneration of the auditing CPA for 2020. (10) Approved the proposal of amendment to the "Accounting System" of the company. (11) Approved the proposal of amendment to the "Internal Control System" of the company. (12) Approved the declaration for internal control system of the company for 2019. (13) Adjust the annual audit plan of the company for 2020. (14) Discussed the 2019 Group Chairman’s Operating Performance Bonus.
2020.05.11 The 26th meeting of the 8th Session	(1) Approval of changes to the location of the 2020 AGM (2) Approved the company's endorsement and guarantee for customs duties related matters
2020.05.21 The 1st meeting of the 9th Session	(1) Election of the 9th chairman of the BOD. (2) Appoint the members of the 4th Remuneration Committee.
2020.07.03 The 2nd meeting of the 9th Session	(1) Approved the purchase of production equipment. (2) Approved the appointment of the Company’s financial and accounting officer. (3) Approved the appointment of the company's CGO. (4) Approved the appointment of directors of subsidiaries. (5) To approve the case of appointing the company as the authorized signatory of the director of Esteem King Limited. (6) Approved the proposal of changing the keeping unit of the Seal registered with the Ministry of Economic Affairs of the company.

	(7) Approved the amendment to the company's "Directors and functional members' remuneration payment method". (8) Approval of the Manager’s Retirement Benefit Proposal. (9) Ask the manager to submit the operation plan and budget for the next three years. (10) Ask the manager to submit a case of monthly transactions with related parties. (11) The former chairman is requested to explain the purpose and effectiveness of signing the legal advisory contract.
2020.08.07 The 3rd meeting of the 9th Session	(1) Approved the purchase of production equipment. (2) Approved the manager promotion and salary adjustment proposal of MAP Plastic Pte. Ltd. (3) Approved the endorsement and guarantees provided for Esteem King Limited. (4) Approved the change of stock transfer agency.
2020.11.06 The 4th meeting of the 9th Session	(1) Approved the annual audit plan of the company for 2021. (2) Approved the adjustment of the group's organizational structure. (3) Approved the proposal of changing the keeping unit of the Seal registered with the Ministry of Economic Affairs of the company. (4) Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd. (5) Approved the amendment to the company's " Corporate Governance Principle ".
2021.01.22 The 5th meeting of the 9th Session	(1) Approved the company's 2021 budget. (2) Approved the proposal of applying to the bank for credit extension. (3) Approval of fund loans between subsidiaries. (4) Approved the proposal of convening the general meeting of shareholders for 2021 and other relevant matters. (5) Formulate the company's employee shareholding trust management measures. (6) Approved the proposal of distributing annual bonuses to managers for 2020. (7) Approval of the salary adjustment of the company’s managers.
2021.02.08 The 6th meeting of the 9th Session	(1) Approved the proposal of distributing annual bonuses to managers of subsidiaries for 2020.
2021.03.17 The 7th meeting of the 9th Session	(1) Approved the distribution of employees' and directors' compensation in 2020. (2) Approved the business report, individual financial report, and consolidated financial report of the company for 2020. (3) Approved the proposal of distributing earnings of 2020. (4) Approved the proposal of cash distribution from the capital reserve. (5) Approved the appointment and remuneration of the auditing CPA for 2021. (6) Approved the proposal of amendment to the "procedures for acquisition or disposal of assets" and "procedures for the loaning of funds" of the Company and the subsidiaries. (7) Approved the declaration for internal control system of the company for 2020. (8) Amendment of the reason for convening the 2021 shareholders' meeting of the company.

3.4.12 In the most recent year and as of the Annual Report issuance date, different opinions posed by the directors to the Key Resolutions in the board of directors, as backed with written records or declaration in writing:

(1) 2020.03.27
- Proposal: Discuss the 2019 Group Chairman’s Operating Performance Bonus.
- Chia, Kin-Heng: Neither the law nor the articles of Incorporation have relevant provisions on the chairman’s performance bonus. Not only does the company have no precedents to follow, but the amount is too high, so he opposes it.

(2) 2020.07.03
- Proposal: Revision of the company's "Directors and functional members' remuneration payment method" proposal.
- Chen, John-Sea: Now is not the right time to adjust the monthly fixed salary of all directors. He suggested that adjustments should be made at the end of the year based on the company's profitability, so he opposes it.
- Jin, Bor-Shi: He opposes raising the monthly fixed salary of directors when there is no profit, and the amount of adjustment is too high.

(3) 2021.02.08
- Proposal: Discuss the year-end bonus for subsidiary managers.
- Jin, Bor-Shi: He believes that the Remuneration Committee's definition of managers and the procedures and content of the review are inadequate, so he opposes it.
- Kuo, Yao-Wen: He believes that the bonus payment base is too high, so he opposes it.

3.4.13 In the most recent year and as of the Annual Report issuance date, facts regarding the compilation for resignation, discharge of the chairman, general manager, chief accountant, financial head, principal internal auditor, Corporate Governance Officer, and research & development head:

2021/03/31

Title	Name	Date of Appointment	Date of Termination	Reasons for resignation or discharge
Chairman	Jin, Bor-Shi	2018.12.04	2020.05.15	Re-election at the end of the term
CFO CGO	Mong, Ching-Yu	2012.06.01	2020.06.30	Career Planning
Accounting Office	Hsiao, Chia-Ling	2000.07.01	2020.07.03	Position Adjustment
R&D Head	Su,Yu-Cheng	2019.04.19	2020.08.03	Position Adjustment

3.5 Information on CPA professional fees

(1) Information on CPA professional fees

Accounting Firm	Name of CPA	Audit period	Remarks
KPMG	Chen, Cheng-Chien	2020.01.01~2020.12.31	-
	Huang, Yung-Hua		

Unit: NT$ Thousand

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000	-	104	-
2	NT$2,000,001 ~ NT$4,000,000	-	-	-
3	NT$4,000,001 ~ NT$6,000,000	5,425	-	5,529
4	NT$6,000,001 ~ NT$8,000,000	-	-	-
5	NT$8,000,001 ~ NT$10,000,000	-	-	-
6	Over NT$100,000,000	-	-	-

Unit: NT$ Thousand

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit period	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	Chen, Cheng-Chien	5,425	-	33	-	71	104	2020.01.01 ~ 2020.12.31	Others: Printing fee
	Huang, Yung-Hua								

(2) If any of the following applies to the company, it shall disclose information as follows:

1. When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: N/A
2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A
3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A

3.6 Information on replacement of CPA

(1) Regarding the former CPA: N/A

<table>
<tr><td>Replacement Date</td><td colspan="4"></td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4"></td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td></td><td></td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td><td></td><td></td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td colspan="4">Remarks/specify details:</td></tr>
<tr><td>Other facts of disclosure (Facts to be disclosed under Article 10, Paragraph 6, Subparagraph 1, Item 4 ~ 7 of the Regulations)</td><td colspan="4"></td></tr>
</table>

(2) Regarding the successor CPA: N/A

Name of accounting firm	
Name of CPA	
Date of appointment	
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	
Succeeding CPA’s written opinion of disagreement toward the former CPA	

(3) The reply by the former CPA in response to the three key points under Subparagraphs 1 and 2 of Paragraph 6, Article 10:N/A

3.7 Where the company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None

3.8 In the most recent year and as of the Annual Report issuance date, transfer of shares, pledge or change in equity by the directors, managers and shareholders holding over 10% of the aggregate total:

(1) Changes in directors, managerial officers and Major shareholders

Title	Name	2020		As of 2021/03/31	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director Major shareholders	Min Aik Technology Co., Ltd.	894,000	0	141,000	0
Chairman	Chia, Kin-Heng	91,000	0	69,000	0
Director	Chang, Lung-Ken	0	0	0	0
Director Major shareholders	Beacon Investments Limited	(198,000)	0	(252,000)	0
Director	Jin, Bor-Shi	0	0	0	0
Director	Kuo, Yao-Wen	0	0	0	0
Independent Director	Chen, John-Sea	0	0	0	0
Independent Director	Sun, Chu-Wei	0	0	0	0
Independent Director	Chung, Kai-Hsun	0	0	0	0
General Manager	Fang, Kuang-Yi	283,000	0	0	0
Assistant Vice President	Hsieh, Hsiu-Lan	0	0	0	0
Assistant Vice President	Hsiao, Chia-Ling	0	0	0	0
Chief Accountant	Chan, Chih-Chi	0	0	0	0

(2) Where the transferee of equity transfer is a related party, the Company should disclose the name, his or her relationship with the Company, the Company’s directors and supervisors, key shareholders holding over 10% shares and the number of shares held: None

(3) Where the pledge of equity transfer is a related party, the Company should disclose the name, his or her relationship with the Company, the Company’s directors and supervisors, key shareholders holding over 10% shares and the number of shares held: None

3.9 Information of the interrelationship as related party, spouse, blood relatives within the second degree of kinship among the top 10 shareholders in shareholding

2021/03/31

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top 10 Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Min Aik Technology Co., Ltd.	28,017,910	36.39%	-	-	-	-	Chia, Kin-Heng	Chairman of Min Aik Technology Co., Ltd.	-
Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng	575,766	0.75%	70,000	0.09%	-	-	-	-	-
Beacon Investments Limited	24,925,763	32.37%	-	-	-	-	-	-	-
Beacon Investments Limited Representative: Kuo, Yao-Wen	-	-	-	-	-	-	-	-	-
Taiwan Fu Hsing Industrial Co., Ltd.	1,107,000	1.44%	-	-	-	-	-	-	-
Taiwan Fu Hsing Industrial Co., Ltd. Representative: Lin, Jui-Chang	-	-	148,298	0.19%	-	-	-	-	-
Yin, Yu-Min	1,046,000	1.36%	-	-	-	-	-	-	-
Fang, Kuang-Yi	874,022	1.14%	67,000	0.09%	-	-	-	-	-
Pan, Chih-Heng	780,000	1.01%	-	-	-	-	-	-	-
Chia, Kin-Heng	575,766	0.75%	70,000	0.09%	-	-	Min Aik Technology Co., Ltd.	Chairman	-
Li, Chun-Mei	473,000	0.61%	-	-	-	-	-	-	-
LGT Bank (Singapore) Ltd.	444,000	0.58%	-	-	-	-	-	-	-
Hu, Chao-Wei	418,000	0.54%	-	-	-	-	-	-	-

Note 1: The top ten shareholders shall be listed in full; corporate shareholder shall list its name and the names of its proxy separately.

Note 2:The calculation of the shareholding percentage refers to the percentage of shares held in his/her/its own name, or under the name of his/her/its spouse, children under twenty (20) years of age, or others.

Note 3:The relationship between above-listed juristic person shareholders and natural person shareholders shall be disclosed pursuant to the regulations governing the preparation of financial reports of the issuer.

3.10 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

2020/03/31; Unit: thousand shares

Investees	Investments of the Company		Investment by directors, supervisor, manager and directly or indirectly controlled company		Comprehensive investments	
	Shares	%	Shares	%	Shares	%
MATC TECHNOLOGY MALAYSIA SDN.BHD.	10,527	20%	42,107	80%	52,634	100%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

(1) Process for the share capital to come into being

2020/3/31; NT$ thousands; thousand shares

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Other
Jan. 2001	10	12,000	120,000	6,000	60,000	Initiative founding capital	None	Note 1
Sep. 2002	10	20,000	200,000	14,000	140,000	Increment in cash 80,000 thousands	None	Note 2
Jul. 2003	10	35,000	350,000	28,000	280,000	Increment in cash 140,000 thousands	None	Note 3
Apr. 2004	10	35,000	350,000	21,700	217,000	Capital reduction 63,000 thousands	None	Note 4
Apr. 2004	10	35,000	350,000	31,700	317,000	Increment in cash 100,000 thousands	None	Note 4
May 2006	10	50,000	500,000	40,900	409,000	Capital increase by earnings 92,000 thousands	None	Note 5
Sep. 2012	20	50,000	500,000	44,172	441,720	Employee stock option certificate transferred to capital increase 32,720 thousands	None	Note 6
Aug. 2013	10	100,000	1,000,000	56,100	561,000	Capital increase by earnings 81,276 thousands, Capital Surplus to capital increase 38,004 thousands	None	Note 7
Jun. 2014	10	100,000	1,000,000	61,710	617,100	Capital increase by earnings 56,100 thousands	None	Note 8
Sep. 2015	10	100,000	1,000,000	67,881	678,810	Capital increase by earnings 61,710 thousands	None	Note 9
Jan. 2016	88	100,000	1,000,000	77,000	770,000	Increment in cash 91,190 thousands	None	Note 10

Note 1: Approved by the letter Jing-(90)-Zhong-Tzu No. 9031598960 dated January 18, 2001

Note 2: Approved by the letter Jing-Shou-Zhong-Tzu No. 09101374800 dated September 16, 2002

Note 3: Approved by the letter Jing-Shou-Zhong-Tzu No. 09232369190 dated July 16, 2003

Note 4: Approved by the letter Jing-Shou-Zhong-Tzu No. 09331981200 dated April 16, 2004

Note 5: Approved by the letter Jing-Shou-Zhong-Tzu No. 09532256130 dated May 30, 2006

Note 6: Approved by the letter Jing-Shou-Zhong-Tzu No. 10132553220 dated October 2, 2012

Note 7: Approved by the letter Jing-Shou-Shang-Tzu No. 10201160200 dated August 6, 2013

Note 8: Approved by the letter Jing-Shou-Shang-Tzu No. 10301112880 dated June 19, 2014

Note 9: Approved by the letter Jing-Shou-Shang-Tzu No. 10401182630 dated September 4, 2015

Note 10: Approved by the letter Jing-Shou-Shang-Tzu No. 10501022900 dated February 1, 2016

(2) Categories of outstanding shares

2020/3/31

Categories of shares	Authorized Capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares	77,000,000	23,000,000	100,000,000	Listed stocks

4.1.2 Structure of Shareholders

2020/3/31

Type of Shareholder / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions & foreigners	Total
Number of Shareholders	0	2	14	4,216	24	4,256
Shareholding	0	38,000	29,315,937	21,130,931	26,515,132	77,000,000
Percentage	0.00%	0.05%	38.07%	27.44%	34.44%	100.00%

4.1.3 Shareholding Distribution Status

(1) Common Shares

2020/3/31; NT$10 per share

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	1,409	45,445	0.06%
1,000 ~ 5,000	2,237	4,162,854	5.43%
5,001 ~ 10,000	291	2,304,857	2.99%
10,001 ~ 15,000	108	1,349,209	1.75%
15,001 ~ 20,000	58	1,070,448	1.39%
20,001 ~ 30,000	49	1,258,520	1.63%
30,001 ~ 40,000	27	935,099	1.21%
40,001 ~ 50,000	13	590,750	0.77%
50,001 ~ 100,000	32	2,182,298	2.83%
100,001 ~ 200,000	13	1,733,914	2.25%
200,001 ~ 400,000	9	2,705,145	3.51%
400,001 ~ 600,000	4	1,910,766	2.48%
600,001 ~ 800,000	1	780,000	1.01%
800,001 ~ 1,000,000	1	874,022	1.14%
1,000,001 or over	4	55,096,673	71.55%
Total	4,256	77,000,000	100.00%

(2) Preferred Shares: N/A

4.1.4 List of Major Shareholders:

The names, shareholding number and percentages of shareholders holding over 5% or shareholders ranking among the top ten:

2020/3/31; shares

Name \ Shares	Shareholding	Percentage
Min Aik Technology Co., Ltd.	28,017,910	36.39%
Beacon Investment Limited (Malaysia)	24,925,763	32.37%
Taiwan Fu Hsing Industrial Co., Ltd.	1,107,000	1.44%
Yin, Yu-Min	1,046,000	1.36%
Fang, Kuang-Yi	874,022	1.14%
Pan, Chih-Heng	780,000	1.01%
Chia, Kin-Heng	575,766	0.75%
Li, Chun-Mei	473,000	0.61%
LGT Bank (Singapore) Ltd.	444,000	0.58%
Hu, Chao-Wei	418,000	0.54%

4.1.5 Market price per share, net value, earnings, dividends and other related information for the most recent 2 years:

Unit: NT$; shares

Items \ Year			2019	2020	As of 2021/3/31
Market price per share（Note 1）	Highest		29.50	42.60	32.80
	Lowest		21.20	20.20	28.30
	Average		24.26	29.02	29.86
Net Value per share（Note 2）	Before Distribution		22.24	22.09	-
	After Distribution		21.89	21.54	-
Earnings per share	Weighted Average Shares		77,000,000	77,000,000	77,000,000
	Earnings per share（Note 3）		0.18	0.39	-
Dividends per share	Cash Dividends		0.10	0.15	-
	Stock Dividends	From Retained Earnings	-	-	-
		From Capital Surplus	-	-	-
	Accumulated Undistributed Dividends（Note 4）		-	-	-
Return on Investment	Price / Earnings Ratio（Note 5）		134.78	74.41	-
	Price / Dividend Ratio（Note 6）		242.60	193.47	-
	Cash Dividend Yield Rate（Note 7）		0.41%	0.52%	-

* If use profits or capital reserve for raising capital shares appropriate, then it should announce the information of the number of appropriate shares and retroactively adjust market price and cash dividend.

Note 1：list the highest and lowest price of the common stocks in that year, and the average market price for that year is calculated based on the transaction values and transaction amounts.
Note 2：Use the number of circulated shares at the end of the year as the base, then the dividend distributed determined in the coming year's stockholders' meeting.
Note 3：If there is any retroactive adjustment from the stock dividend without compensation, then it should list earning per share on before and after adjustment.
Note 4：If the equity investment has constraint that limits the undistributed dividend for that year and it is cumulated until to later profitable year. Then it should disclose the cumulative undistributed dividend up to that year.
Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 8: The net value per share and earnings per share should be filled in with the information checked by the accountant in the most recent quarter of the annual report. The remaining fields should be filled in the year of the year as of the date of publication of the annual report.

4.1.6 Dividend Policy and Implementation

(1) Dividend Policy

The net profit of the Company after yearly closing shall, other than paying the income tax payable by law, first be used to compensate losses from the past years. Then 10% of the balance amount shall be provided as legal reserve (unless the amount of legal reserve has reached the total amount of capital). Special reserve shall also be provided in accordance with the law as required. The rest shall be used to distribute dividend. If there is any profit remaining, it shall be combined with the undistributed profit in the beginning of the period, subject to a dividend distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution for distribution.

To pursue long-term shareholder interest and achieve the target of stable operating performance, the Company adopts the policy of balanced dividend, provided that cash dividend shall not be less than 30% of total dividend.

Although the dividend policy of the company's articles of association does not specify the proportion of dividend distribution, considering the short-term capital needs and long-term financial planning of the company, as well as the domestic and international competition, and taking into account the interests of shareholders, the company's shareholder dividends should not be low. In the current year, the principle of 50% of the surplus is allocated.

(2) Allocation of dividend for the year having been proposed

The Company's board of directors already resolved the 2020 Earnings Distribution on March 17, 2021:

Unit: NT$

Item	Amount
Undistributed profit at start of period Plus: Variation following re-evaluation of confirmed welfare plan Plus: Net profit after tax for the current period Less: Legal reserve Less: Special reserve provided for equity deductions Distributable surplus	1,082,640 1948,032 29,987,388 (3,093,542) (16,289,278)
Accumulated distributable earnings	12,635,240
Allocation items in this period Less: Cash dividends (NT$0.1 / per share)	 (11,550,000)
Undistributed earnings at the end of the period	1,085,240

(3) If there is a significant change in the expected dividend policy, it should be stated: N/A

4.1.7 The impact of proposed stock dividend on the Company's business performance and earnings per share: N/A

4.1.8 Employees' and Directors' remuneration

(1) Percentage or range of employees'/directors' remuneration stated in the Articles of Incorporation:
If the Company has profit in the year, 3% to 9% shall be provided as employees 'compensation and no more than 3% as directors' compensation. However, if the Company has accumulated losses, the amount of compensation shall first be provided.
The employees entitled to shares or cash as remuneration under the previous paragraph shall include employees of the subsidiaries who meet certain conditions.

(2) Basis of calculation for employees'/directors' remuneration and share-based compensation, and accounting treatment for any discrepancies between the amounts estimated and the amounts paid: N/A

(3) Remuneration approved by the board of directors:
The employees' compensation and directors' compensation in 2020 was approved by the Board of Directors on March 17, 2021 and they are to be distributed in cash. The amounts are as follows:
A. Employees' compensation: NT$3,303,067.
B. Directors' compensation: NT$367,007.

(4) Allocation of remuneration to employees and directors in the preceding year with significant discrepancy of the acknowledgement of bonus to employees and remuneration to directors, the causes, and countermeasures: None

4.1.9 Share buybacks: None

4.2 Corporate Bonds issued: None

4.3 Preferred stock issued: None

4.4 Global depositary receipts (GDR) issued: None

4.5 Employee Stock Options issued: None

4.6 Acts on new restricted employee shares: None

4.7 Facts of merger/acquisition (M&A) or inward transfer of outstanding new shares from another company: None

4.8 Capital plans and execution: None

V. Operations Overview

5.1 Business Content

5.1.1 Business Scope

1. Main Content of Operating Activities

Min Aik Precision Industrial Co., Ltd.: (hereinafter referred to as “The company” or Min Aik Precision)

(1) C805050 Industrial Plastic Products Manufacturing
(2) C805010 Plastic Sheets, Pipes and Tubes Manufacturing
(3) C805030 Plastic Made Grocery Manufacturing
(4) CA02010 Metal Architectural Components Manufacturing
(5) CA02020 Aluminum and Copper Manufacturing
(6) CA04010 Metal Surface Treating
(7) CA01050 Iron and Steel Rolling, Drawing, and Extruding
(8) CB01010 Machinery and Equipment Manufacturing
(9) CB01990 Other Machinery Manufacturing Not Elsewhere Classified
(10) CC01080 Electronic Parts and Components Manufacturing
(11) CN01010 Furniture and Fixtures Manufacturing
(12) F401030 Manufacturing Export
(13) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

MAP PLASTICS PTE. LTD.: (hereinafter referred to as “MAPP”)

(1) Design and manufacturing of the medical plastic injection product.
(2) Design and fabricate plastic injection mould.
(3) Provide customised automation solutions to medical device industry.
(4) Design and manufacturing of the electronic plastic injection product.

Amould Technology (Suzhou) Co., Ltd.: (hereinafter referred to as “ Suzhou Amould”)

(1) Design, R&D, production, manufacturing and marketing of automation equipment and providing related technologies and after-sales services.

2. Ratio of Operating Revenue

Unit: NT$ thousands

Main Content	2020	
	Sales volume	Proportion
Hard Disk Drive stamping components	729,628	38%
Other electronic stamping components	513,484	27%
Plastic injection parts	303,425	16%
Automated machine	214,875	11%
Other	160,288	8%
Total	1,921,700	100%

3. Current Products (Services) of the Company

Min Aik Precision

(1) Stamping assembly of the hard disk drive.
(2) Consumer electronic assembly.
(3) Parts of the heat spreader.
(4) Stamping parts for the automobile.
(5) Surface treatment and electroplating service of metal parts

MAPP

(1) Medical plastic consumables.
(2) Life Science consumable and enclosure plastic parts to be used in the lab.
(3) Other plastic products.
(4) Mould fabrication.
(5) Automation equipment for assembling of the medical consumables

Suzhou Amould
(1) Assembly, testing, installation, laser and assembly line of 3C Product automation equipment.
(2) Inspection and assembly automation equipment of medical products.
(3) Assembly and test automation equipment of memory, solar energy, LED and many other industries.

4. New Products (Services) Planned to be Developed

Min Aik Precision
(1) Develop high-end service hard disk related stamping components incorporated with market trend
(2) The development and manufacturing of mobile phone, tablet, notebook, automobile, display electronic components
(3) The development and manufacturing of 5G and communication base electronic parts

MAPP
(1) Thermoforming of medical devices.
(2) Silicon moulding of medical devices.

Suzhou Amould
(1) Design and develop automatic process equipment with the launch of 3C new products in the market.
(2) Design and develop automatic equipment to meet the needs of traditional industries.
(3) Design and develop automation equipment to meet the needs of medical products.
(4) Inspection and assembly automation equipment of medical products.

5.1.2 Overview of the Industry

1. Current Situation and Development of the Industry

(1) Stamping of precision metal

A. Hard disk drive industry

After years of industrial competition and benign merger and acquisition, the oligopoly market mode in which the hard disk drive industry has been globally dominated by three major hard disk drive manufacturers began in 2012. All the procedures for Seagate to merge with and acquire the Hard Disk Drive Department of Samsung Electronics Co., Ltd. were completed on December 19, 2011. Western Digital Corporation (WD) successfully carried out its acquisition of Hitachi Global Storage Technologies (HGST) on March 8, 2012. However, due to requirements of mainland China's Ministry of Commerce at that time, the status was maintained until October 2017, and the independent operation of WD and HGST brands was maintained until then. Therefore, WD and HGST were considered different brands and storage technology companies and occupied the market separately although they belonged to the same group. In 2018, WD Group continuously merged, organized, and adjusted its actions, market positioning, and target groups. After successive acquisitions of such internal storage device brands as HGST, SanDisk, G-Technology, Tegile, and Upthere, WD decided to re-adjust the brands it owned so that the products of the owned brands could be more easily identified in the market. After such adjustment, the name -- Western Digital would be used in a unified manner to refer to all the brands of the enterprise, as well as its commercial application products. In the future, HGST and WD brands would no longer be used to promote the products of the enterprise and commercial application, respectively. The three major hard disk drive manufacturers, Western Digital, Seagate, and Toshiba, shall continue to subsequently lead the hard disk drive market.

From the market share of HD manufacturers observed in 2020, Seagate will still take the lead with a 43% market share and stand firm as the biggest HD manufacturer of the world; it is followed by the manufacturer Western Digital with a market share of 37%; and Toshiba stands in third place with 20% of the market share.

Shipment statistics of hard disk drives and analysis of market shares of major hard disk manufacturers in 2018-2020

Unit: Million sets

Year	2018		2019		2020	
Manufacturer	Shipment	%	Shipment	%	Shipment	%
Seagate	150	40%	129.3	40%	111.3	43%
Western Digital	140	37%	114	36%	96.2	37%
Toshiba	85	23%	76.7	24%	52.8	20%
Total	375		320		260.3	
Growth (%)	-7.20%		-14.70%		-18.66%	

Source: Forbes

B. 3C electronic industry

When the survey institution Gartner released the latest report of global mobile sales volume in 2020 Q4, Apple stood at the top with 80 million sets, surpassing Samsung for the first time in four years. In contrast, the sales of Huawei fell heavily in both Q4 and in its annual sales last year, evidence of the effect of the US ban of Huawei. The top five brands in 2020 Q4, in order, were Apple (20.8%), Samsung (16.2%), Mi (11.3%), Oppo (8.9%), and Huawei (8.9%, but less than Oppo in terms of sales volume). From a growth perspective, Mi has had the greatest growth (33.9%), while Huawei decreased the most (-41.1%) when compared to the same period last year. The Apple shipment in Q4 last year was 79.94 million sets, exceeding all other brands because Apple supports 5G, and the iPhone 12 with its brand-new appearance design is very popular. Furthermore, the impact of COVID-19 on Apple has been less than other brands. A report released by the survey institution IDC also showed that Apple has sold 90.1 million mobile phones. As for Huawei being in last place, not only did its sales volume in 2020 Q4 decrease 41.1% compared to the same period in 2019, but the annual sales volume also decreased 24.1% compared to 2019.

Table 1. Worldwide Top 5 Smartphone Sales to End Users by Vendor in 4Q20 (Thousands of Units)

Vendor	4Q20 Sales	4Q20 Market Share (%)	4Q19 Sales	4Q19 Market Share (%)	4Q20-4Q19 Growth (%)
Apple	79,942.7	20.8	69,550.6	17.1	14.9
Samsung	62,117.0	16.2	70,404.4	17.3	-11.8
Xiaomi	43,430.3	11.3	32,446.9	8.0	33.9
OPPO	34,373.7	8.9	30,452.5	7.5	12.9
Huawei	34,315.7	8.9	58,301.6	14.3	-41.1
Others	130,442.8	33.9	145,482.1	35.8	-10.3
Total	**384,622.3**	**100.0**	**406,638.1**	**100.0**	**-5.4**

Due to rounding, some figures may not add up precisely to the totals shown.

Source: Gartner February, 2021

According to the forecast of the survey institution Gartner, the global sales volume of smart phones may reach 1.5 billion in 2021, which shows 11.4% growth compared to the same period last year. The sales volume of 5G mobile phones will reach 5.9 million, accounting for 35% of overall sales, and will be the major factor driving the growth of sales. Due to the pandemic, consumers reduced their expenditures on smart phones in 2020. However, consumers' replacements of mobile phones were initially deferred, and 5G smart phones are becoming more and more popular, resulting in a great increase of user demand in 2021. The IDC industrial survey published its global mobile phone follow-up quarterly report in March, in which the shipment of smart phones in 2021 Q1 is estimated to have a 13.9% annual increase due to the continuous recovery of demand and the increasing supply of 5G devices, with 5.5% annual growth.

Gartner released a similar forecast at the same time, predicting that the sales volume of 2021 smart phones will return to s level similar to 2019. The survey institution IDC expects that the growth of China and US led by 5G and iPhones will be 5.0% and 3.5% in 2021, respectively, which will counter the annual decrease of 10-11% from 2020. IDC estimates that 5G smart phones will account for more than 40% of global shipments in 2021, and the percentage will reach 69% in 2025. The mobile phone market is expected to recover in the post-COVID-19 era.

C. Heat spreader

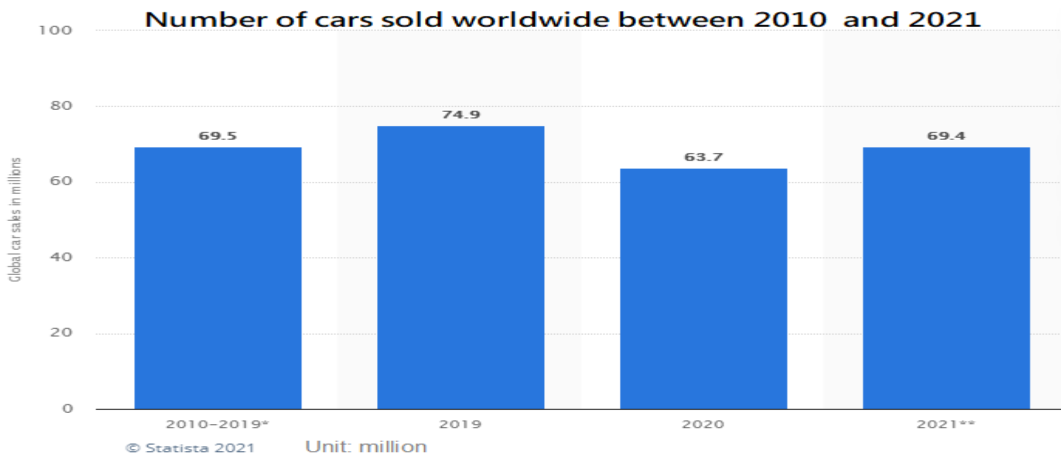
The heat spreader is one of most basic heat spreading components and is usually made of metals that easily conduct heat. The metal materials of the heat spreader include such high heat conductive metal materials as copper alloy, aluminum material, alumina-silicon carbon, and stainless steel. In general, the heat spreader is in direct contact with the chip that is the direct material for CPU or GPU. Since the heat spread must be completely bound with CPU to equally conduct the heat, flatness is very important. Furthermore, because it needs to be bound with CPU, the heat spreader has become a highly customized product in order to meet the different requirements of various chip plants for the package.

The application of heat spreaders is very extensive, e.g., electronic components in the electronic information industry, semiconductor, and photoelectric component industries. Downstream industries have further expanded to 3C and automobile electronic industries. Current major applications are such electronic components as CPU, GPU, single chip, and multiple chip modules, and the market demand is increasing along with computer productivity.

Following 5G Internet technology development, as well as the growth of new demand for mobile phones, automobiles, computer games, UAV, AI, and IoT applications, finding ways to solve the heat caused by high speed calculation and transmission has become an important business opportunity for heat spreaders.

D. Automotive stamping parts

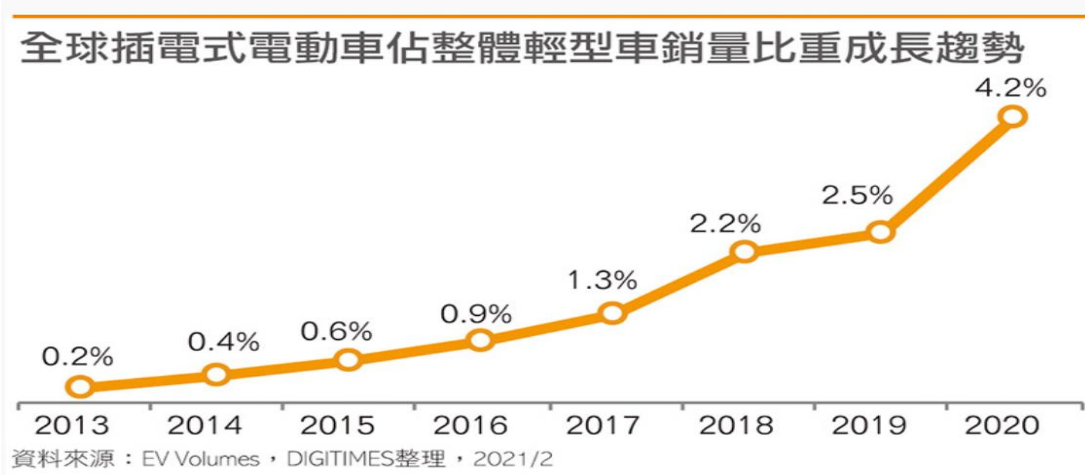
The survey institution Statista has indicated that the sales volume of automobiles will decrease from the peak of 74.9 million in 2019 to approximately 63.7 million in 2020. Both from the perspective of sales volume and capacity, China is one of the biggest automobile markets of the world. However, with the impact of COVID-19 in 2020, the vehicle market in China has continuously fallen since February 2020. In the same period, South America and Europe were most severely hit epidemic areas, and the sales volume of automobiles in these areas shrunk about 5%. The US market is in a similar condition because the wave of unemployment and home quarantine caused by COVID have resulted in the significant drop of automobile sales in the first three months of 2020. The United Automobile Workers (UAW) have further asked GM, Ford, and Fiat-Chrysler to suspend production. The sales volume slipped 21.9% in 2020 compared to 2019.



With rising environmental consciousness, the development of smart automobiles, car sharing, and autopilot in considering environmental protection, carbon reduction, and safety has been accelerated. Although the global light vehicles sold in 2020 recessed, the annual growth of electric vehicles was still about 43%. It is worth noting that overall 2020 car sales reduced 20% in Europe, while, in contrast, the sales volume of electric cars increased 1.4 times, indicating that the preference for buying electric cars is increasing in the European market.

The total sales volume of electric cars of all remaining markets in 2020 was about 149,000, which showed about 24% annual growth compared to 2019 and outperformed the annual decrease of 19% of overall car sales in the same period. The survey institution EV Volumes estimated that the overall sales volume of global plug-in electric cars may further climb to about 4.6 million, which is about 1.36 million more than in 2020.

The share of electric cars in the future automobile industry will gradually replace traditional cars using fuel and internal combustion power systems.



(2) Medical consumable industry

The medical devices market 2020 size reached nearly $456.9 billion in 2019, having increased at a compound annual growth rate (CAGR) of 4.4% since 2015. The market is expected to decline from $456.9 billion in 2019 to $442.5 billion in 2020 at a rate of -3.2%. The decline is mainly due to lockdowns imposed by the governments across the world that hindered the supply chain in the medical devices manufacturing industry. However, there is an exceptional increase in the manufacturing of the ventilators that are used to treat COVID-19 patients. The medical devices market is expected to recover and grow at a CAGR of 6.1% from 2021 and reach $603.5 billion in 2023. This is because beyond 2020, an increase in the incidences of infectious and chronic diseases will drive the market growth. Analysis of the medical device market by country shows that North America accounts for about 39%, the largest share in the global market.

(3) Automation industry

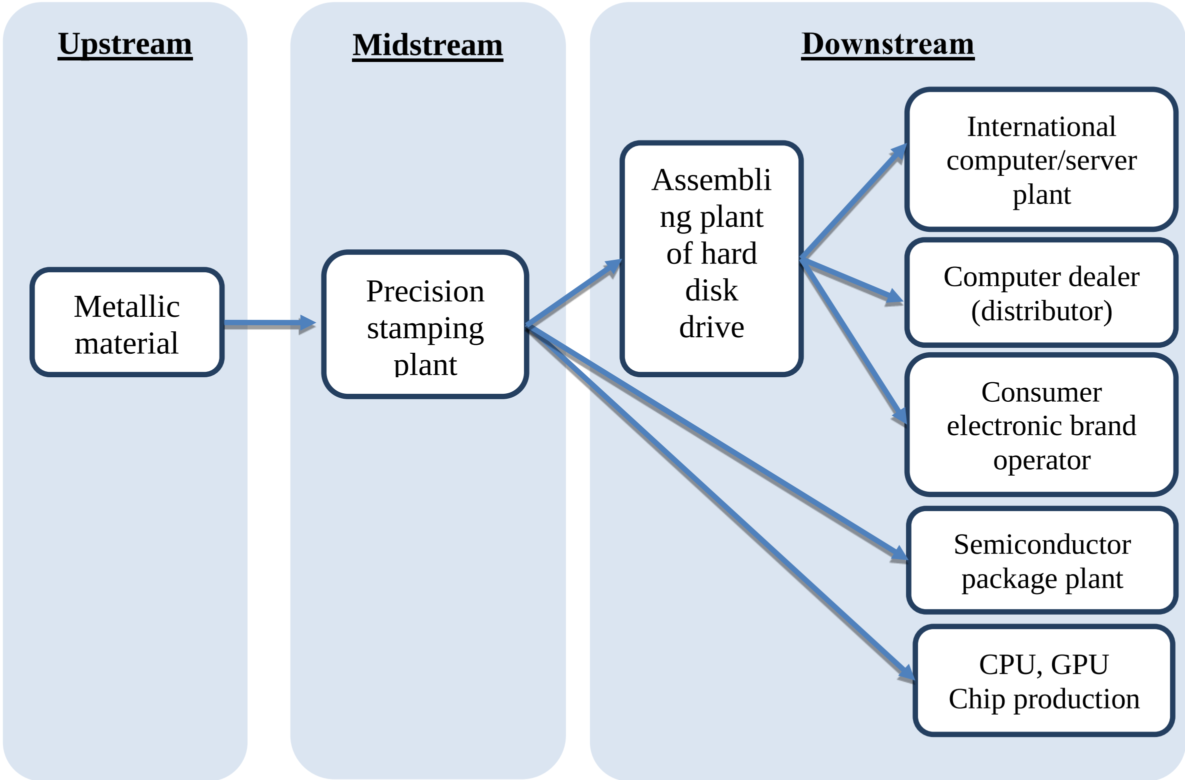
Automation industry is the support industry of automation technology for other industries, belonging to the upstream industry with technology-intensive, service-intensive, non-mass production and many kinds of projects. This characteristic is the same at home and abroad, but the advanced countries abroad started earlier, the industry has developed and formed, and the world market is mostly occupied by it, while the scale of domestic automation industry is still smalldue to its late start. Because of the wide range of automation products and the high quality of technical services, there is still a lot of room for the development of domestic automation industry in the future.

Automation refers to the combination of various types of computers, application software, sensors, control and communication technology, in order to replace or save labor, increase productivity, provide stable quality and increase efficiency. Various industries have different products and processes, and they need different functions of automation machines. Therefore, the demand for automation machines in industry is continuing. It is an important task for manufacturing industry to find manufacturers with the ability to design and manufacture automation equipment in order to manufacture automation machines that meet their needs.

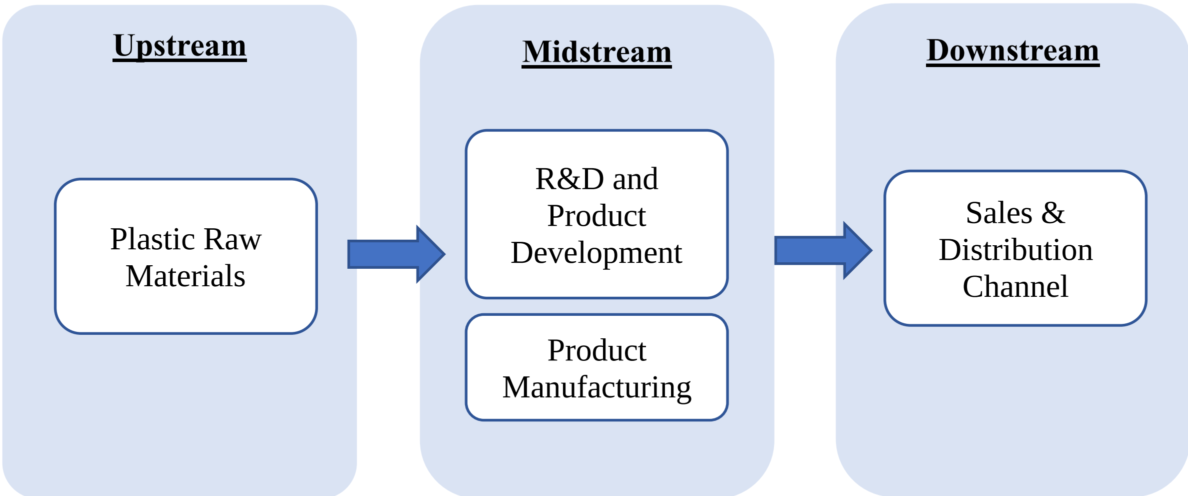
Since 2008, China has applied the Active Contract Law, which expressly stipulates the protection of employment rights, including the provision of social insurance, overtime pay and severance pay. This has greatly increased the employing cost of enterprises, especially in the intensive manufacturing industry. In addition, due to the increase of employment opportunities and wages in China, manufacturers in coastal areas are facing fierce competition. In severe cases, there will be job shortages. However, automation will help to improve production efficiency, reduce employee costs, improve quality, and enhance competitiveness. Especially in the case of high wages and job shortages, it is expected that the demand for automation will increase year by year in the future.

2. Relevance to Upstream, Midstream and Downstream Suppliers in the Industry

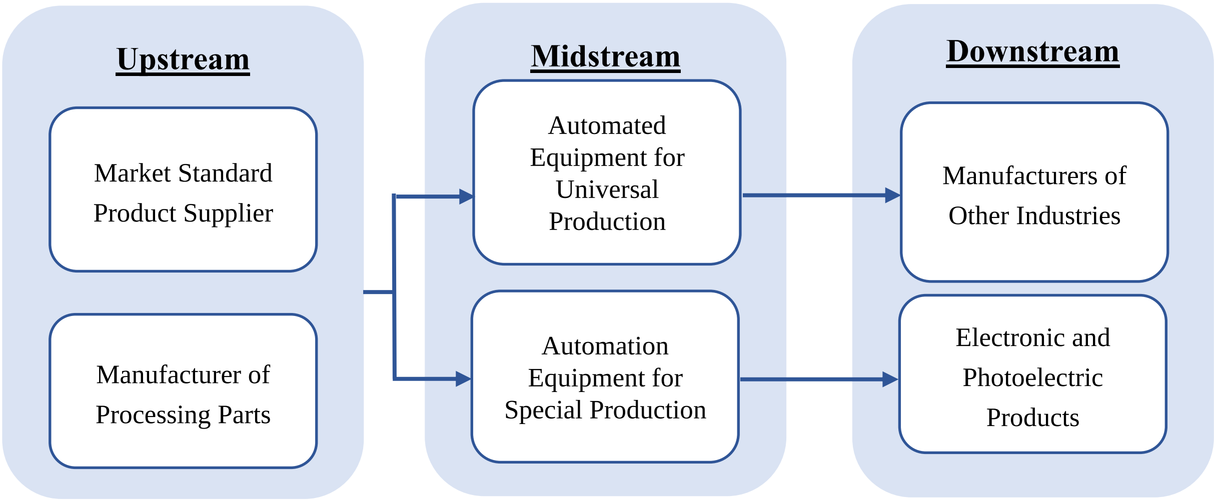
(1) Precision Metal Stamping



(2) 2.Medical Consumables Industry



(3) Automation industry



3. Trends of Product Development and Competition

(1) Hard disk drive industry

A. Development trend of hard disk products

In terms of future development of the hard disk product, the design to be applied to the non-portable product should emphasize the capacity and performance first. While the design of the hard disk product should emphasize breakthroughs on lower power consumption/power saving, lower heat dissipation, lightness and seismic resistance when applied to the portable products.

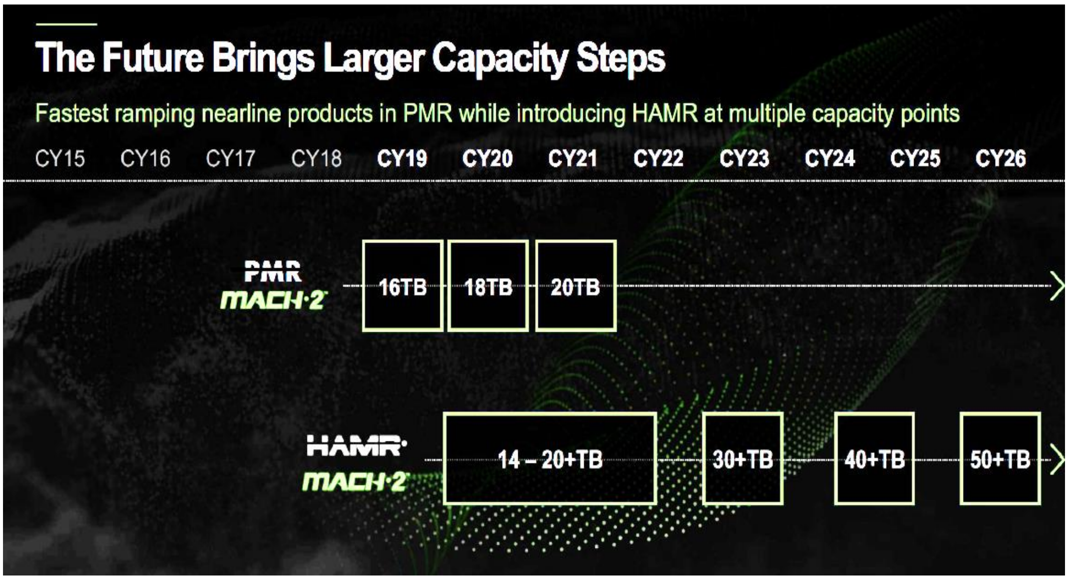
Observing the design trend of HD products in recent years, the most important technology development has been Energy-Assisted Magnetic Recording (EAMR) technology, population of series interface structure, HD encryption design, HD energy saving design, and potable HD proposals. With increasing demand of large data centers and server operators, HD manufacturers have invested more development resources into Nearline and other such large capacity HD research and production.

a. Areal density technology

In the 1980s, the magnetic head technology developed from the Metal In Gap (MIG) magnetic head to the thin film head; and the Magneto Resistive (MR) head and the Giant Magneto Resistive (GMR) magnetic head played a dominant role in the 1990s. During the period of thin film technology, the areal density was increasing at an annual rate of 30%; during the period of MR technology, the areal density was increasing at an annual rate of 60%; and during the period of GMR technology, the areal density was increasing at an annual rate of 100%. Since 2000, the density of the hard disk drive has been increasing at about 31% as shown in accordance with the Longitudinal Magnetic Recording (LMR) used by the hard disk every year. In recent two years, the LMR has been replaced by the perpendicular recording technology (PMR), and the annual composite increasing rate of the areal density of the PMR technology has achieved 40%. In 2013, the Shingle Magnetic Recording (SMR) technology was introduced, which increased the capacity for 25%. Hitachi Global Storage Technology(HGST) also launched the helium filling technology and applied it to the 3.5-inch hard disk. Accordingly, the capacity was increased for 40% compared with the common 3.5-inch hard disk. In addition, the power consumption could reduced for about 23%. Moreover, the technology was mainly to aim at the enterprise-level storage application requirements.

Due to speedy data expansion, efficiently storing, using, and reanalyzing data has become quite challenging for businesses. The whitepaper "The Digitization of the World from Edge to Core" was designated by Seagate to IDC for studying the trend of global data movement. It is estimated that the global data field will increase to 175ZB in 2025, which is the main reason why storage operators strive to compete for high-capacity storage products. After Western Digital announced the introduction of 10TB Perpendicular magnetic recording (PMR) at the end of 2015, it announced and also shipped 18TB and 20TB products that were the first EAMR products of the industry in September 2019. Toshiba also introduced its 18TB HD MG 09 series based on EAMR technology in February 2021, which provides higher storage density and energy efficiency via cloud and hybrid cloud storage equipment incorporated with FC-MAMR technology. It is the new weapon to seize the cloud, data center, and big data storage market.

Seagate also endeavored to catch up, introducing the 20TB 3.5" HD based on Heat-Assisted Magnetic Recording (HAMR) in 2020. It leaked in a 2021 product development plan that it will introduce the 50TB HD based on HAMR technology before 2026 and plans to introduce 100TB HD products before 2030, as well as announced in advance that the HD capacity will be increased to 120TB and above in the next decade..



Source: Seagate

b. Interface

Since 2004, the storage devices have been changed to the serial interface architecture from the parallel interface architecture. The Serial Advanced Technology Attachment (Serial ATA) is expected to gradually replace the PATA (namely IDE) interface used in the desktop storage device due to its low voltage, fast transmission, design of reinforced cable and linker, point-to-point interface, thermal insertion and other advantages. Similarly, on the enterprise-level storage equipment, the SAS (Series SCSI) has become the mainstream gradually instead of the Parallel SCSI.

c. Encryption of the hard disk

Encryption of the hardware is a common research and development direction of many operators. Many suppliers start from the chipsets of the computer and burn the encrypted program in the firmware, thereby avoiding the risk that the software may be cracked by the worm or other malicious software. The method includes the steps: before written into the hard disk, the data is encoded first through the chip built in the hard disk. The meaningful data can be read only on the premise that the decoding capability must be available even if the hard disk is lost or the archive is duplicated by someone.

d. Hybrid Hard Disk (HHD)

The hybrid hard disk integrating with the Flash memory and Rotating Magnetic Storage may store the commonly used data in the flash memory, thereby reducing the frequency of the hard disk accessing to the data. Therefore, the power consumed by the hard disk can be saved for 50% averagely, and the 10%-15% of the battery endurance of the system can be prolonged.

e. External hard disk drive solution

Due to portability, confidentiality, plug-and-play and other characteristics, the external hard disk drive may be applied to various storage devices and consumer electronic products of cross fields at any time. In addition, the external hard disk drive may also become the Media Player or the home Media Center in presence of the remote controller, besides its simple storage and fast backup. Therefore, the external hard disk drive has gradually become a trend in the day that the demand for accessing to the digital information is sharply increasing.

f. Energy-saving design

In response to the market trend, all hard disk drive manufacturers have listed the energy-saving design as a focus of research and development . Although the energy-saving hard disk drive has low efficiency compared with the traditional hard disk drive, energy saving will be widely adopted by the enterprise users based on the consideration of the factors, such as cost and environmental protection. In fact, the top five PC brands in the world have also participated in the energy-saving design one after another.

B. Competitive situation of the hard disk product

Min Aik Precision Industrial Co., Ltd. produces a variety of stamping assemblies of the hard disk, therefore the competitive situations of all products are also different from each other according to different types of the products. The market competitive situations of the first two major products of the Group -- Voice Coil Motor Plate (VCM plate) and the stamping assembly of the hard disk drive shall be briefly explained.

The manufacturers from Southeast Asia or Taiwan are the main competitors of the Group. The main competitors of the VCM plate include Cheung Woh, KOBAKIN, Interplex (originally named as Amtek), CFTC and NHK Spring, the main competitors of the stamping assembly of the hard disk drive include IPT and NHK Spring. Because the stamping assembly of the hard disk plant has the high requirements -- high precision and high cleanliness, the entry threshold is high and the hard disk drive manufacturers rarely introduce and develop the new suppliers. The good and stable product quality is more important than the price competition. Based on slowdown of the hard disk shipment, the assembly suppliers have also begun to further merge, and the supply chain is also expected to be adjusted. With changing market environment and increasing demand of data center, the design of top and bottom plate of voice coil motor tends to have thicker materials and complicated design, which have promoted the threshold and technology of component suppliers and correspondent orders will be centered on more competitive component suppliers.

(2) Medical consumable industry

A. Development trend of Medical consumable industry

a. Aging of the world's population

According to the US Department of Health, the percentage of the population over the age of 60 years in the industrialized countries will rise from 23 percent to 32 percent by 2050. This development will happen more dynamically in the emerging markets due to the overall higher population growth and the improvements in healthcare infrastructure. In 2020, the demand for medical devices has been rising most strongly in China with 1.5 percent, followed by Europe with 1.25 percent, and the US with 1 percent.

b. Growth of the emerging markets

In emerging countries, customer confidence in medical devices from industrialized countries is very high. Therefore, an increase of activities in emerging markets can be expected. Especially in Asia, high investments in healthcare infrastructure are taking place. In connection with the dynamic growth of the middle class and the accompanying rising demand for high-quality healthcare among the public this will result in dynamic increases in the numbers of elective operations. India's MedTech market is estimated to be at 7.8 billion dollars in 2020. The country's expenditure on medical devices is at 4 dollars per person, the lowest worldwide (the global average is 66.3 dollars per person). By 2022 the volume is expected to be 9.6 billion dollars. This indicates a significant potential for growth over the next ten years. The emerging markets will exert a lasting influence on the development of the medical technology industry over the coming 50 years: Against the background of stagnating domestic demand, it is therefore important to have an early presence in the growth markets.

B. Competitive situation of Medical consumable industry

Fifty-eight percent of life sciences companies say they plan to actively pursue M&A in the next 12 months. Of these, more than three-quarters say that their planned M&A activity will include bolt-on acquisitions or dealmaking for transitional capabilities.

Given the strong preference for smaller bolt-on deals (less than one-quarter of respondents indicated transformative M&A was a priority when surveyed), the value of life sciences M&A was never likely to eclipse the 2019 total – even before the new coronavirus emerged. However, deal activity has grown even quieter, in part because it's difficult to establish the trust required to seal even a straightforward acquisition remotely. Since that is even more true for complex deals, we would be surprised to see a megamerger appear. That said, biopharmas and medtechs have huge cash reserves available for dealmaking if they want to deploy them.

(3) Automation Industry

A. Development Trend of Automation Industry

As a world-class factory, China mainland provides processing and manufacturing services for many world-class customers. Automation industry started late in the mainland, and the existing industry is still small. There is still a lot of room for development in the future industry. In addition, China's labor costs are increasing year by year, and the demand for automation equipment is increasing gradually. The trend of industrial development in recent years,, the most important technology is the integrated use of robots and the application of precision mounting and measuring equipment. In addition, according to the manufacturing layout of existing and new customers, the service area will also be extended to Asia Pacific region such as Vietnam, India and other regions.

a. Integrated Utilization of Robots

In recent years, the installed capacity of industrial robots in the world has been increasing at a rate of about 10%. Due to the increasing labor costs and the increasing requirements of assembly quality, more and more jobs have been replaced by robots to reduce the pressure of labor costs and work intensity. Robot technology will change factories in the next five years.

b. Application of Precision Mounting and Measurement Equipment

On the basis of improving the performance of the current consumer electronic equipment, the pursuit of thinning the product itself, accuracy requirements have been raised to the micron level for internal parts assembly, relying on manual work has been unable to meet the accuracy requirements, it is necessary to rely on automatic equipment to complete high-precision assembly and testing.

c. In response to the 2020 COVID-19 epidemic, the pharmaceutical industry is developing rapidly, and the corresponding demand for automated production is generated to improve its quality and output.

B. Competitive situation of Automation Products

The automation equipment produced by our company involves the integration and use of automation in various fields, from robots to assembly lines, from precision adjustment platform to complete process development. The R&D team is actively integrating existing mechanical, control, optical and software modules to construct more precise and high-speed manufacturing and processing equipment to meet the development needs of future equipment.

5.1.3 Technology and R&D

1. R&D expenses in the latest year and as of the publication date of the annual report:

Unit: NT$ thousands

Item / Year	2020
A.R&D expense	72,223
B.Operating income	1,921,700
A/B	3.76%

2. Technologies or products developed successfully in the latest year and as of the publication date of the annual report

(1) Min Aik Precision

Year	R&D achievements
2020	1. Precision forging technology 2. Development of continuous automatic material moving equipment 3. Various unsymmetrical coating technology 4. 100% inspection and special package technology development
2021	1. Large-area multiple asymmetric selective plating technology 2. Masking and spraying painting technology for precision microelectronic three-dimensional parts

(2) MAPP

Year	R&D achievements
2020	1. Micro-moulding 2. Plastic casing for defence industry
2021	None

(3) Suzhou Amould

Year	R&D achievements
2020	1. High Speed Labeling Machine (use Control bus/Linear Motors) 2. SV Wing Assembly 3. Detection of SV Wing on the fly
2021	1. Biopsy forceps Assembly 2. Packing with birth control pills 3. Packing with biopsy forceps

5.1.4 Long-term and Short-term Business Development Plans

1. Short-term plans

(1) Min Aik Precision

In order to serve the existing customers and develop the potential customers, the company shall continuously implement the pace of globalization in accordance with the requirements of the market and the customers while establishing the overseas production and service bases duly and continuously introducing the automation technology, to improve the capacity, the productivity and the product quality, achieve the goal of reducing cost, expanding market share of the products and accordingly improve the profitability. In addition, the company shall strengthen the strategic alliance with the service agent partners while expanding other niche markets, developing the products and increasing the existing market share. In allusion to the existing customers, the company shall also enhance the high involvement in the development stage of the new product, to improve the customer's trust and dependence on the company and acquire the first opportunity in mass production and the high market share.

(2) MAPP

The Asia Medical Technology market is expected to grow at a CAGR of 8% and is projected to overtake the EU as the second largest market globally by 2020. Singapore is strategically placed to enable MedTech companies to tap into these regional opportunities. Today, Singapore is home to more than 60 multinational MedTech companies undertaking a range of activities from regional headquarters and manufacturing, to research and development.

Singapore is a critical manufacturing base producing a diverse range of medical technology products from implantable pacemakers, to contact lenses and life science instruments for global markets. Companies leverage on Singapore’s strong design and engineering capabilities, base of automation suppliers and high quality assurance standards to undertake the manufacturing of high-value medical products.

Singapore’s network of top universities, research institutions and innovative start-ups enable MedTech companies to tap a vibrant open innovation ecosystem. With a strong presence of more than 25 R&D centres established by multinational MedTech companies and a local pool of over 220 MedTech start-ups and small-medium enterprises, MedTech companies have increasingly been plugging into this network of innovation, talent and ideas to develop next-generation products and solutions for the region.

With the shift toward connected devices, Singapore offers companies a strong base to build new business models around big data and patient-centric care. Our base of design consultancies, data analytics research and applied data analytics talent provide companies the capabilities to develop new go-to-market strategies in Asia.

MAPP will align resources and strategies to capitalize on this regional growth, both from MedTech companies in Singapore and developing econimes like Vietnam, India and Indonesia.

MAPP will look for opportunities to collaborate with MedTech startups, insitutes and hospital to develop and manufacture new products and technologies.

MAPP to look for post Covid opportunities from existing and new customers.

MAPP to work with MedTech companies by leveraging group automation capabilities to provide automation solutions.

MAPP will also continue to create value with existing customers, by tapping on any available funding support from the Singapore Government.

(3) Suzhou Amould

Utilize the ability of automation equipment to solve the problem of lack of manpower, reduce costs and improve production capacity to meet the needs of the market. Machine modular design integrates the production technology of machinery and equipment, quickly supplies the machinery and equipment needed by downstream industries. Modularizes similar equipment institutions in various industries. Only special or different parts need to be designed and developed when receiving new demands. In addition to speeding up the lead time, it can also reduce the cost of research and development. Coordination of excellent management and sales personnel within the group and injects new blood into the company to meet the needs of professionals at all stages of the company's growth.

2. Long-term plans

(1) Min Aik Precision

A. In terms of production: Min Aik shall actively cooperate with the strategic partners and establish a mode of division during production, to facilitate the control of the overseas inventory and make the timely adjustment and supply in real time in accordance with the changes of overseas customers’ requirements. In this way, the transportation and process expenses may be effectively reduced, and the undertaking rate of the orders may be improved.

B. In terms of R&D: Min Aik shall maintain the technological improvement of the hard disk and the storage device, while continuously expanding the design, production and assembling technologies of other electronic assemblies and the assemblies for automobile and improving application of the production automation to mass production, inspection and packaging of the product.

C. In terms of marketing:

a. Min Aik shall consolidate and strengthen the existing business contacts with the customers having good relationships while creating the integrated advantages of Development and Manufacturing of Metal Assembly of Precision Hard Disk Drive in the field of storage, improving the customer satisfaction, expanding the proportion of the existing customers’ orders and actively developing the potential customers and products.

b. Creation of other niche markets: Min Aik plans to gradually adjust the proportion of the hard disk customers in the future and increase the proportions of other 3C electronic products and the heat spreader, so as to gradually disperse the risk of the market.

c. Min Aik shall promote the field of professional Original Equipment Manufacturer (OEM) of the electronic parts and constitutive products to integrate the products and advantages of the subsidiaries of the Group and provide the customers with the more comprehensive product line, added values, bases and services.

d. Min Aik shall continuously focus on the metal stamping assembly market related to the automobile in response to the electronic trend of the automobile.

D. In terms of quality assurance and environmental protection, Min Aik shall implement these policies related to quality assurance, environmental protection, labor and safety, such as ISO 9001, ISO 14001, ISO 22301, OHSAS 18001, IATF16949 and RBA (EICC), Automobile quality management system certification, while creating the high-quality products on the premise of meeting the specification of RoHS, fulfilling the social responsibilities, and enhancing the enterprise image and the international competitiveness.

E. Operating scale:

a. Min Aik shall coordinate the industry boom and market development and adjust the diversified capacity, to increase the operating scale.

b. Except continuous research of the main products and diversification of product development, Min Aik shall adhere to the concept of "Sustainable operation", and develop towards the direction of enterprise cluster, in order to implement the management of various business systems.

(2) MAPP

A. In terms of production: Progress towards a Smarter factory through continuous efforts to automated our production process (minimize reliance on human and for better quality and productivity). Develop and introduce the use of Cobots (Collaborative Robots).

To vertically integrate with customer needs, MAPP target to expand its offering from production to complete packaging and sterilization for MedTech devices.

B. In terms of R&D:

a. To work with prestigious institues in Singapore in developing New Technologies in MedTech and industrial Automation.

b. Automatic Optimistic Inspection: To replace human browsing for better quality output to customer and better factory productivity.

c. Sale of automation machine and provision of automated assembly services to existing customer.

d. Sale of automation machine and provision of automated assembly services to existing customer and venture into new markets

e. Development of new products jointly with customer and startups

C. In terms of marketing:

a. Expand footprint into high potential developing countries within Asia/ASEAN

b. Continue exploration of new manufacturing technologies such as 3D-Printing, Precision Machining, Silicon Moulding and Thermoforming Moulding

c. Seek opportunities for collaborative innovation

d. Work with MedTech companies to jointly develop MedTech products.

D. In terms of quality assurance and environmental protection:

The company is ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) certified. We are also ISO 13485 (Medical Device; Design & Development) certified to be able to design and manufacture medical components. Target to get FDA certification for the plant to manufacture medical device. As our operations does not creation pollution, we are not bound by any government regulation on pollution control.

E. Operating scale:

Continue to search for new businesses and strategic alliances to increase our customer base. As and when there is additional demand from customer, we will expand our production capacity and increase our scale of operation. We are also constantly on a look out for potential business acquisitions that are aligned with our core competencies.

(3) Suzhou Amould

A. In terms of production: Promote modular process program control system, strengthen process management and shorten production time to stabilize product quality.

B. In terms of R&D: On the basis of existing technology, develop more mature technology, integrate machine and equipment production technology with modular design. When receiving new customer needs, only design for special or different parts can accelerate the delivery speed and reduce R&D costs.

C. In terms of marketing:

a. Consolidate and strengthen business contacts with existing good relationship customers. Improve customer satisfaction and expand the proportion of orders of existing customers and develop potential customers and products actively.

b. Understand the company's competitive advantages, find market entry points, seek quantitative product production plans in stable cooperative relationships, and share benefits with customers.

c. Predict customer demand, prepare beforehand and take the initiative to attack.

d. Understanding the needs of traditional manufacturing and medical industries, providing complete solutions to potential customers and expanding new businesses.

D. In terms of quality assurance and environmental protection:

Implementing ISO 9000 and conforming to RoHS standards to enhance corporate image and international competitiveness.

E. Operating scale:

a. In line with the development of the industrial boom, we should choose the right time to expand production capacity to increase the scale of operation..

b. In addition to the continuous research of major products, and the development of multi-directional integration and utilization of automated products.

5.2 Market, Production, and Sales Review

5.2.1 Market Analysis

1. Sales of main products (services)

Unit: NT$ thousands

Area \ Amount		2019		2020	
		Sales volume	Proportion	Sales volume	Proportion
Sales in domestic market		243,639	14%	255,747	13%
Export sales	Asia	1,368,377	76%	1,432,105	75%
	America	171,061	9%	225,681	12%
	Europe	14,214	1%	8,167	0%
	Subtotal	1,553,652	86%	1,665,953	87%
Total		1,797,291	100%	1,921,700	100%

2. Market Share

(1) Min Aik Precision

The company insists on creating the integrated advantages for development and manufacturing of the stamping assembly of the all-round hard disk drive in the storage field, and expects to make the operation of the Group more diversified through the efforts in product diversification. At present, among the only three major manufacturers of the hard disk drive in the world, the company's products have been used by the first two major American hard drive manufacturers, and more successfully adopted by the third largest Japanese hard drive manufacturer. The company has laid a solid foundation in the supply chain of the stamping assembly of the hard disk drive, extended the product line to other electronic assemblies and successfully become the supplier partner trusted by the large international factories.

From the perspective of turnover in 2020, HK driver stamping parts, which accounted for 76% of the company’s total turnover, represented our major products greatly supplying important HD driver assembly customers (WD, Seagate, Min Aik, MMI, ShinEtsu). The global market share of our major product VCM plate was about 25%.

Global market share of the company's main product in 2019 and 2020
VCM plate

Unit: Million sets

Year	2019	2020
Shipment of the company (SET)	60.7	64.4
Shipment of the hard disk drive all over the world	320	260.3
Market share of Min Aik	19%	25%

Source: Forbes and shipment statistics of the company.

(2) MAPP

Medical consumables produced by MAPP are shipped to Europe, America, Japan, SEA, etc. Due to the wide variety and vast geographical distribution of medical consumable products, there is no industry statistics available to calculate the market share of a single product.

(3) Suzhou Amould

Suzhou Amould is a professional manufacturer of customized automation equipment. The manufacturing process of the industry is extremely complex and the equipment needs to fully meet the specific needs of customers to design and plan. Therefore, there is no certain product specifications, and there are many types of automation equipment. Each manufacturer of automation equipment has its own areas of specialization and development, and there is no perfect competitor, Thus, there is no complete and objective market share statistics available.

3. Market supply and demand

(1) Hard disk drive industry

A. Supply and demand situations of the market

Although the volume and sales amount of traditional HD has fallen continuously in recent years, the total memory capacity shipment is still climbing, while the unit capacity price has declined about 20% every year. Despite many areas starting to open their schedule after COVID-19, the global PC demand is still strong and has even reached the level of 2020, setting records in certain circumstances. The biggest driving force of demand is still the reliable systems on which consumers and students rely for production, connection, and upgrade. The overall HD shipment is estimated to stay around 260 million sets in 2021.

The growth of personal and home NAS and the NAS market for small- to medium-size businesses and the demand for security monitor, cloud storage, data centers, and other such HD storage applications will be continuous and stable. The annual demand growth rate of the three major HD driver manufacturers, i.e., Western Digital, Seagate, and Toshiba aiming at the PC industry that uses HD most is negative. They all have continuously adjusted steps to improve business operation and profit through solid manpower structure, solid product structure, production line adjustment, and expansion of Nearline HD production methods. Meanwhile, inventory and capacity control has also allowed for the stable rise of average prices in the overall market.

In response to the continuously expanding demand of the enterprises and cloud and the rise of big data application, there is an increasing trend that the large enterprises set up the new data centers, and the storage operators constantly develop the high-capacity hard disks, including 14TB, 16TB, 18TB and so on, and even have launched 20TB which is designed for the dedicated enterprise-level high-capacity hard disk market with the ultra-large scale and under the cloud environment.

B. Future growth and development trend of the industry

Nowadays, the demand for storage of the market has broken away from the demand of the pure PC, the consumer electronics and the enterprise users. The hard disk develops toward the diversified application, and the Unmanned Aerial Vehicle (UAV), Virtual Reality (VR), Augmented Reality (AR), cloud, Big Data analysis, embedded system and Internet of Things (IoT), security monitoring and other markets have become the main impetus of driving the growth of the storage demand. On the other hand, the demand for the 4K/8K high-resolution digital images makes the data storage requirement constantly increased. Besides the enterprise-level hard disk market, the nearline storage hard disk market of the individual or the small and medium-sized enterprise is nonnegligible as well. The capacity requirement of the storage and recording device will also be greatly increased with the subsequent development of 5G, Artificial Intelligence (AI) and automatic driving. Especially, the expected popularity of IoT technology brought by 5T era will lead significant growth of giant storage demand from AI application and big data analysis.

Although the annual shipment of HD drivers (see table below) and annual sales amounts are falling, the global economy is expected to recover in 2021. The PC growth will continue, and the overall HD shipment is expected to be around 260 million sets in 2021.

Shipment of hard disk drives from 2017 to 2021

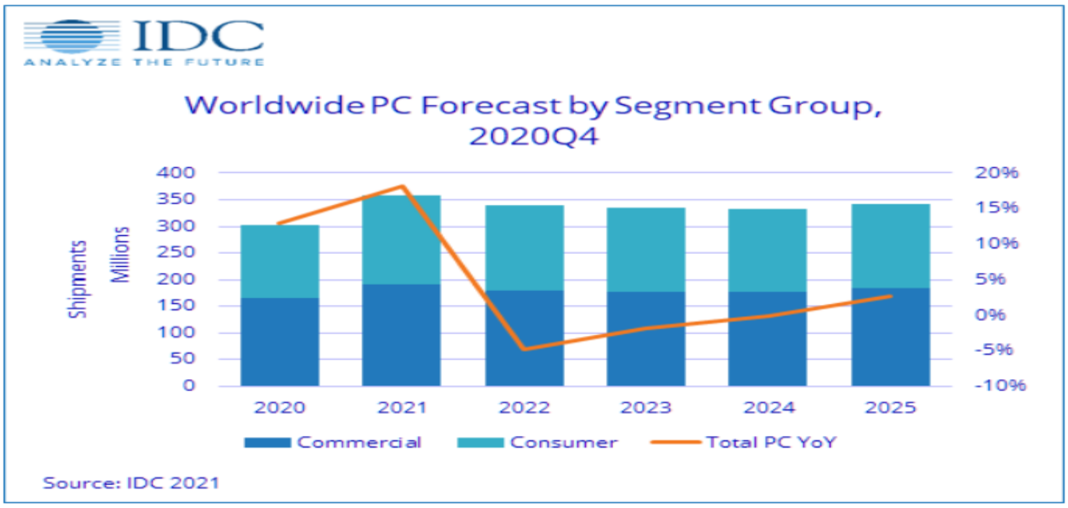
Unit: Million sets

Annual projection	2017 (Actual)	2018 (Actual)	2019 (Actual)	2020 (Actual)	2021 (Forecast)
Total	404	375	320	260	260

Source: The statistics and evaluation of Trendfocus and the company

a. The applications of PC related fields

According to an IDC survey, the global PC shipment exceeded 302 million sets in 2020. Following the worldwide pandemic, many countries have entered a second wave of COVID-19. The continuous demand for business and online education remains high. In 2020, the PC shipment increased 12.9%. The survey institution IDC forecasted that the growth of the traditional PC market will reach 18.2% and is expected to continue in 2021. The future outlook is stronger than the historical level, and the projected compound annual growth rate from 2020-2025 is 2.5%.



However, although some supply chain issues appeared at the beginning of 2020 due to COVID-19, the pandemic combined with continuous consumer demand has created giant growth opportunities for PCs throughout the year. This may continue for at least the first half of 2021, but whether or not this trend will continue still needs to be observed because it depends on the sustainability of the change in demand. For example, even if school is opened, online education may be continued, and consumers may still purchase food and groceries online. Some businesses may continue full-time or part-time work from remote sites. If these conditions continue, PCs will remain indispensable equipment for resuming the daily routine of consumers.

b. Server product related fields

To correspond with progress of times and diversified demands of modern people toward surfing, recreation, audio, video, home appliance, automatic electronic, occupational safety, the demand of big capacity digital storage also lead all hard disk manufacturers heading toward 16~20TB storage capacity. Originally, it is expected that the hard disk and tape storage volume would be decreased when SSD data percentage is increasing, however, all three technologies continuously survive and grow altogether due to the demand of data storage is increasing. It is estimated that 90% cloud calculation is stored via hard disk or tape and only 10% via SSD in 2019. The cost of HDD and SSD per GB is US$1.8 and 13~15 cent respectively while the price difference between two technologies is 7~8 times. Form the long-term perspective, the advantage of HDD capacity will allow it be more important in term of data center application. Following the bigger storage capacity continuously provided by hard disk manufactures, the cost of cloud storage cost will be lower. The capacity, reliability and lower cost of HDD will have HDD continuously become the top choice for the storage of data center.

(2) 3C electronic products

A. Supply and demand situation of the market

According to senior director Anshul Gupta of the survey institution Gartner, the shipment decrease was minimized as it benefited from 5G mobile phones in 2020 Q4. He considered that consumers are still being conservative about purchases, but that the 5G and high-end filming functions still attract consumers to buy the newest smart phone. More countries and areas started introducing 5G network coverage in 2020. Accordingly, the demand for 5G mobile phones is climbing, and the prices of relevant equipment have thus reduced, resulting in a positive demand bump for smart phones. However, such possibility can be affected by COVID-19. Postponed production is not the only threat to the smart phone industry, but the biggest smart phone market in China, including Huawei, Mi, Oppo, and Vivo will also face a double whammy in terms of production and sales.

B. Growth and development trends of the industry in the future

Despite the effects of COVID-19, the change in lifestyle has made users pursue more diversified functions. To correspond with the 5G development strongly promoted by all countries, the competition among smart phone operators has been dramatic. To attract the attention of consumers, operators will improve the functions of mobile products, aimed at the potential demands of consumers, or introduce various fancy functions to attract consumers and allow self-products to become superior to market competition. Most areas of the world are on lockdown in some form or are still waiting for normal life to resume. However, the sales of smart phones are continuously rebounding, showing the importance of smart phones in everybody’s life.

Unit: Million sets

Annual projection	2018 (Actual)	2019 (Actual)	2020 (Forecast)	2021 (Forecast)
Shipment of the smart phones	1,555	1,540	1,378	1,535

Source: Gartner February, 2021

Table 1. Worldwide Smartphone Sales by Region, 2019-2021 (Thousands of Units)

Region	2019	2020	2021
Eastern Europe	47,358	42,960	49,364
Emerging Asia/Pacific	369,359	336,897	365,891
Eurasia	48,341	43,473	47,261
Greater China	407,449	368,016	409,968
Latin America	131,954	116,301	134,349
Mature Asia/Pacific	31,085	26,311	30,457
Middle East and North Africa	75,208	71,477	79,112
North America	159,974	136,257	151,750
Sub-Saharan Africa	91,537	84,440	94,293
Western Europe	146,747	125,430	142,796
Japan	31,643	27,159	30,118
Grand Total	**1,540,655**	**1,378,719**	**1,535,358**

Source: Gartner (February 2021)

The adoption of 5G will increase following the price reduction, expansion of 5G service coverage, and enhancement of user experiences. Gartner estimates that the 5G models will account for 35% of total mobile phone shipments in 2021, reaching 539 million sets. It further forecasts the further growth of the market in 2023 and that 5G models will occupy more than half of overall mobile phone shipments. 5G is now the standard function of high-end smart phones. With the continuous introduction of low-cost models, the market share of the 5G smart phone in China is expected to reach 59.5% by the end of this year. Meanwhile, the Asia-Pacific, Western European, and Latin American markets are expected to grow considerably in 2021.

Table 2. 5G Smartphone Sales Forecast, 2019-2021, Worldwide (Thousands of Units)

	2019	2020	2021
5G Smartphones	16,705	213,260	538,530

Source: Gartner (February 2021)

(3) Medical consumable industry

A. Supply and Demand of Market

The life sciences industry, like the rest of the global business community, is dealing with the global pandemic. COVID-19 has lowered the demand for in-person care, reduced health care provider bandwidth, disrupted global supply chains and internal business operations, and affected employee wellness.

But not every life sciences company has been affected the same way. Companies developing COVID-19 treatments, vaccines or tests have weathered the recent market volatility relatively unscathed. And as patients stockpiled medicines ahead of shelter-in-place orders, revenues for some biopharmas actually exceeded forecasts. (Biopharmas with portfolios comprising physician-administered drugs have not been as fortunate.) That said, the uncertainty of what could happen over the coming months means few companies have been willing to provide full-year guidance.

By contrast, the medical device sector has been severely affected. Elective surgeries were either canceled as part of pandemic lockdowns or, where surgeries continued, patients were leery of going to the hospital.

B. Future Growth and Development Trend of the Industry

As the number of COVID-19 cases begins to stabilize in many countries, and governments begin to ease lockdown restrictions, elective procedures are resuming. When patients will become confident enough to undergo procedures will depend on numerous factors, including local infection rates and the complexity and necessity of the actual procedures. Thus, there will be some return to normal for medical device companies, but the recovery period is likely to be uneven and drawn out.

(4) Automation Industry

A. For consumer products, the E-car industry, medical industry and traditional industry upgrading trend of increased automation equipment requirements, and the inevitable trend for the future industrial upgrading. Effected by the COVID - 19 plus major manufacturing areas of artificial increases year by year, so the demand of future automation dedicated machine equipment is short due to unstable demand influence customer's devotion to equipment will, but with a longer-term automation equipment requirements will be increased year by year Supply and Demand of Market

The demand for OEM products and quantities in the downstream of automation is relatively stable and persistent. The demand for 3C products such as mobile phones and computers has stabilized.

B. Future Growth and Development Trend of the Industry

a. Memory

In recent years, the sales volume of domestic intelligent hardware industry has shown explosive growth. With the continuous development of Internet of things, cloud computing, artificial intelligence and other technologies, differentiated intelligent products emerge in an endless stream, and the functions are constantly upgraded and iterated quickly. The memory market still has broad application prospects in the future.

b. LED

With the continuous development and subdivision of the downstream application of LED, the market penetration has gradually increased. In consideration of efficiency, quality and cost, more and more led enterprises are bound to adopt automation equipment.

c. 3C electronic products related fields

According to data from market surveyors, the global growth trend of smart phones has slowed down, and demand for other personal devices is no longer strong, but products for virtual reality experience are on the rise.

d. Traditional industries

According to media reports, in recent years, countries around the world have encouraged their domestic industries to introduce automation in order to improve per capita output value. Some countries have proposed preferential measures or tax deductions to accelerate the introduction of automation.

e. Medical Industry

Medical industry is one of its pillar industries in Singapore. The local government has given more support to the medical industry. It also gives incentives and preferences to the automation industry related to medical products.

4. Competitive Niche

(1) Min Aik Precision

A. Cost and capacity advantages

The company implements consistent operation and lays a strong design, development and production competitiveness by combining with production, manufacturing, R&D, marketing, management and other competitive advantages, including the mould design capability, simulated design of Computer Aided Engineering (CAE), process development capability, automation machine design, dust-free room production, good management technology and supply chain management in operation and management. The company focuses on the efficiency, technology and shortening of the process with the way of perpendicular integration and production, and further reduces the manufacturing and R&D costs to accordingly improve the market competition. In presence of introduction of the ERP material requirement system, the cost can be controlled more effectively. Therefore, the company is more competitive than any other competitors.

B. Complete quality assurance system and strict quality control

The company is committed to wholly improving the quality. Besides passing the certification of ISO 9000, ISO 14001, ISO 22301 IATF16949 and OHSAS 18001 Automatic quality management system certification, quality and environmental system and full implementation, the company adheres to the principle of “Innovation-centered, management-based and quality first” to achieve a high-quality level while producing the products with high added value and low pollution to maintain stable and sustainable operation. In this way, the company is well received by the customers, thereby consolidating the long-term partnership.

C. R&D capability of new product

The company adheres to the consistent integration to provide the most complete and rapid R&D services and the most real-time professional technology through the team technology; in this way, the requirement of new development is handled preferentially and properly. The company assists the customers to shorten the R&D time of the new products, thereby facilitating the launch of the new products to the market within the shortest time and making the customers enjoy the higher profits by. Recently, industry-university cooperation has also been introduced, and there has been constant emphasis on improving design and production technology.

D. Flexibility

The company masters the market trend and the customer needs at any time while actively and continuously analyzing and adjusting all details from design, production and even shipment and logistics of the product in order to grasp the market opportunity and make a response to the increasingly competitive market.

E. Diversified development

The products of the company are more diversified than any other competitors. Besides the VCM plate developed for the hard disk drive, the company also develops the stamping assembly of other hard disk drives, such as Disk Clamp, Balance Weight, Insert Plate, Bobbin, Stiffener, Pin and Protector in accordance with the customers' requirements, and actively expands the capacity and the overseas bases, in order to fight for making the other electronic assemblies, such as the heat spreader, the consumer electronic parts and the electronic parts for automobile become the focus of the company's development at this stage and achieve the remarkable growth.

F. Maintain the good and mutually beneficial partnership with the customers

Because the service life of the hard disk drive product is prolonged and the technical and professional requirements are improved, it is not easy for other manufacturers to enter except the existing leading manufacturers. The company has many years of professional experiences in manufacturing, and has established the stable and mutually beneficial partnership with the customers. Moreover, the company plays an indispensable role in the customer supply chain.

(2) MAPP

A. Superior Automated Production Capabilities

Automated production capabilities is one of the core competitive advantage of Min Aik Precision Group. Apart from its main business of assisting customers to improve their production efficiency through automation, it is also used to increase the production efficiency of the Group's various business units. Due to the rapid increase in labour cost in Singapore, the Group invests in automated inspection equipment for MAPP to reduce its production cost, improve output quality and efficiency. The Singapore Government also encourages local companies to improve productivity by offering various incentive schemes. MAPP has therefore used some of the grants available to improve its internal process, productivity and quality and thereby giving it an added advantage against overseas competitors.

B. Geographical proximity to international companies

With the aging population, increasing affluence and rise in chronic diseases, the Singapore Government has identified the healthcare sector as one of the key growth cluster. Singapore can therefore expect to see more commitment from the government in investing resources to help flourish this sector. Greater commercialization of products by locals and MNCs of health solutions will indirectly provide more business opportunities to MAPP.

As majority of European and American medical equipment manufacturers set up their Asia-Pacific headquarters in Singapore, MAPP will have better opportunity to have face-to-face discussions and visit these international medical companies to demonstrate MAPP's production and technical capabilities and sell its products to Europe and USA. Furthermore, MAPP may have the opportunity to work together with these key market players to expand into the developing countries.

C. Excellent mold making capabilities and abundant clean room capacity

Medical products are generally low-mix high-volume in nature and must be produced in a highly clean condition. MAPP has the largest cleanroom capacity in Singapore. The Group's long-established knowhow in mold-making allows it to support diverse requirements from medical customers.

(3) Suzhou Amould

A. Complete Quality Assurance System and Strict Quality Control

Suzhou Amould is committed to improving its overall quality. Besides being certified by ISO 9001/TS16949/ISO 13485/UL and fully implemented, the company also has strict control over the improvement of production efficiency and design and R&D skills, so it has won the favor of large manufacturers and affirmed and consolidated the long-term partnership.

B. R & D capability

Suzhou Amould can provide customers with instant technical services, help customers shorten the time of new product development, so as to facilitate the launch of new products in the shortest time, and enjoy higher profits. Participate in customer R&D and design, grasp change trend of design and schedule, and improve design productivity.

C. Flexibility

In addition to keeping abreast of market trends and customer needs, Suzhou Amould has taken the initiative to analyze and adjust all the details of product design, production, shipment and even all the details in order to grasp market opportunities and cope with the increasingly competitive market. At the same time, it can adapt to the needs of customers, upgrade the previous generation of equipment to produce new products, and help customers reduce capital investment, thus attracting more customers.

5. Favorable and Disadvantage Factors for Development Prospects and Corresponding Strategies

(1) Min Aik Precision

<u>Favorable Factors</u>

A. Expectable industrial and market growths

With the rapid development of the information, the consumer electronic products, and the cloud digital demand, the company is committed to improving the technology, quality, cost and market of the assembly of the hard disk drive, and also gets involved in application of the mainstream consumer electronic assembly and the field of the high-stability electronic assembly for automobile, to maintain the continuous growth of the customers and the market.

B. High entry barrier for the new competitor

Because the hard disk drive industry is featured with intensive technology, prolonged service life of the product, high innovation pressure and other characteristics, the hard disk market is more closed than other industries and has the high technology barrier. In order to ensure maximization of the speed and the efficiency, and accordingly gain the technological and market opportunities, the relationship between the upstream and downstream manufacturers of the hard disk drive industry is very close. Therefore, it is not easy for the competitors outside the industry to enter into the market.

C. Unique niche in management, production and quality

The company has the complete management system and excellent technical personnel which are conducive to the long-term operation and development of the technology, and has rich experiences in plant management and perpendicular integration advantages. Therefore, the company can accurately master from the upstream mould design, precision stamping, vibration grinding in the post process and electroplating to the operating environment and technology of the dust-free room.

In addition, in order to fulfill the commitment to the quality and the environment, the company has passed the certification of ISO 9001, ISO 14001, ISO 22301 TS16949 and OHSAS 18001, and actually implemented all quality control requirements in the actual operation. Therefore, the product quality of the company is fairly stable and well received by the major customers every year.

D. Master the market demand and marketing channel

In order to expand the overseas market and provide the customers with the real-time services, the company has set up the overseas storage locations in mainland China, Malaysia and Thailand, so as to master the market trend and the industrial information while timely scheduling and offering the services. In the era that the channel means the business opportunities, the good channel is the important niche for the company's development in the future.

E. Maintain long-term and good cooperation with the world-class plants

Most of the main customers of the company are world-class plants, with fairly strong finances and operations. Due to years of development in the hard disk drive market, the company has established the good and tacit cooperation with the customers in R&D and production of the products and has been well received by the customers in terms of quality and service. Therefore, the company can keep up with the market trend at any time in mastering the key technologies and improving the production efficiency.

F. Solid R&D and design capability

In order to implement the in-depth development of the R&D technology, the company adheres to the concept of training the professional talents to promote the high-tech and sophisticated technology and accordingly meet the industry requirements and challenges. The company recruits the elites of the industry and has been continuously ensuring the continuous improvement of the R&D technology through a series of R&D training plans, such as the internal technology inheritance of the company, internal/external education and training, and technical exchanges with the academic societies.

Disadvantage Factors

A. Lack of the professional talents of the hard disk product and inadequate domestic labor supply

Because Taiwan is lacking in the professional talents of the hard disk industry, the company should train the relevant talents every year and work on making the human resource planning, in order to handle the changes of the industry.

Corresponding Strategies

a. Since its establishment, the company has been committed to improving the automatic production and process to improve the unit output of the grass-roots human resources while further improving the degree of automation of the plant, and reducing the dependence on manpower by increasing the automatic machine and equipment.

b. The company strengthens the pre-service and on-the-job training of the employees to improve the personnel quality and productivity, and is committed to planning the human resources and strengthening the welfare of the employees, to effectively reduce the turnover rate of mold the employees.

B. The company has high degree of industrial concentration which accordingly increases the operating risk.

The operating income of the products related to the hard disk drive of the company was 41% of the operating income of the whole Group in 2020. If the industrial supply and demand change greatly or the imbalance occurs between the supply and the demand, the company may be trapped in operating pressure.

Corresponding Strategies

The company actively develops other non-hard disk electronic assemblies, such as the heat spreader, the consumer electronic parts and the electronic parts for automobile. In order to make the products of the company more diversified, multiple key technologies and products are being actively developed, including the heat spreader for the advanced IC packaging, the heat spreader of the base module, the cell phones, the portable devices, the steel sheet, the aluminum sheet, the radiator for automobile and so on. Moreover, the company also makes the customers and products of the Group more diversified through implementing the strategic merger and acquisitions at home and abroad and setting up the overseas bases.

(2) MAPP

Favorable factors

A. The Singapore Government has actively developed the country to become Asia Pacific's biomedical hub.

B. US China trade war makes major players such as Thermofisher to rethink their supply chain strategy. Lead to increasing manufacturing investment in Southeast Asia.

C. Labour crunch and Industrial 4.0 movement increasing demand for automation solutions in Southeast Asia.

D. High capital investment cost with long validation and qualification processes have become barrier for any potential entrants.

E. Increasing investment in MedTech Industries by private and government entities.

Unfavorable factors

A. Insufficient supply of labor has always been a hindrance factor for Singapore's economic development. The increase in basic wages and shortage in labour supply has result in the rising manufacturing costs.

Corresponding Strategies

Dedicated human resources planning, employee benefits, on-the-job training to improve employee quality and productivity are some of the staff retention measures. Automation of factory processes and increase in use of automation equipment also help to reduce the dependence on human labour.

B. Increasing cost from material to finished goods delivery due to COVID-19.

Corresponding Strategies

Establish supply chain to increase volume and to manage costs.

(3) Suzhou Amould

Favorable factors

A. Prosperity of Industry and Market Growth

With the rapid development of demand for consumer electronics products, automation replaces manual labor with automation machines to achieve the same cost reduction and improve product quality stability. There are various products and processes in various industries, and the functions of automation machines are different. It is expected that with the increasing competitiveness of automation technology, quality and cost, automation will be applied more widely and demand will continue to grow.

The increase of labor cost in mainland China by about 6% every year will inevitably lead to the rapid introduction of automation process to reduce the cost of human resources and also reduce manufacturing risk of chain-break due to uncontrollable factors(such as COVID-19)

B. Unique niche in management, production and quality

In addition to the complete management system and excellent technical personnel, which is beneficial to the company's long-term operation and deep cultivation of technology, the other advantage is our company also has rich experience in factory management and vertical integration. Our company could grasp the process development, software integration, mechanical and fixture design accurately.

C. Solid R&D and design capability

In order to further develop R&D technology, the company not only collects the elites of the industry, but also continuously ensures the continuous improvement of R&D technology through a series of R&D training programs, such as internal technology inheritance, internal/external education and training, and technical exchanges with academic groups.

Unfavorable Factors

A. Lack of professional design and R&D talents in automation industry and insufficient supply of domestic talents.

Due to the shortage of relevant professionals, our company devotes itself to human resource planning in order to cope with the fluctuations of the industry while training relevant talents every year.

Coping strategies

Strengthen the pre-service and on-the-job training of colleagues, improve the quality and productivity of personnel, and devote to human resources planning and strengthen the welfare of colleagues, so as to reduce the turnover rate of personnel effectively.

Set up automation R & D center in Taiwan to undertake customer demand assessment projects simultaneously, improve efficiency and human coordination flexibility.

B. The homogeneity of the target market of domestic equipment manufacturers is too high. At the same time, we are facing the catch-up of the mainland manufacturers and the pressure of competition is too high.

Coping strategies

Enhance the overall competitiveness, speed up the delivery speed, rectify design ingenuity, enhance customization capabilities. And expand new customers through the understanding about other markets.

5.2.2 Important Use and Manufacturing Processes of Main Products

1. Important Purposes of Main Products

(1) Min Aik Precision

A. VCM plate: the VCM plate is mainly taken as the drive motor of the magnetic head when assembled with the VCM with the permanent magnet and responsible for driving the radial movement of the magnetic head, in order to make the magnetic head change the track arbitrarily on the disk and accordingly read and write the data.

B. Disk clamp: the disk clamp is mainly used to fix the hard disk and the spindle motor so that the disk can be driven to rotate by the spindle motor.

C. Automatic stiffener: The major function is to reinforce the metal support as required by the electric circuit board and is made of a metal material for the local welding of parts or reinforcement to facilitate assembly

D. Heat spreader: The major function is to spread heat of high-end packages and semiconductor components. It equally diffuses several hot spots in the chip to the surface of the heat spreader to equally spread the heat source and achieve the heat dissipation effect.

(2) MAPP

A. Plastic medical components: Mainly non-invasive medical plastic components, such as needle tubes, infusion tubes, etc.

B. Plastic components for DNA diagnostic testing kits: Mainly used by hospital medical laboratories, biochemical laboratories, etc., to carry out medical testing for data analysis or various physiological reactions and pathological analysis.

C. Mold fixture: Used for production of plastic injection products.

D. Automation: Automated Optical Inspection, Automated product assembly and packaging.

E. Precision plastic products for semi-conductor and various other industries.

(3) Suzhou Amould

A. SMT RF Test integration equipment：The main function is to fully automate SMT RF test section, including integration: test equipment, transmission pipeline, communication system, Robot.

B. Memory card test equipment: the main function is to achieve the memory module loading and unloading related path and test memory module related functions.

C. Magnetic flux measuring machine：The main function is to measure whether the magnetic flux of the magnet assembled on the housing is within the range.

D. Multiple Types of Mylar Mounter：The main function is to identify Mylar of different sizes and mount it accurately on the specified parts.

E. Medical product assembly and testing equipment: the main function is to assemble and test all parts of medical disposable products to achieve the output of finished products.

2. Manufacturing Processes of Main Products

(1) Min Aik Precision

■ Manufacturing process of the VCM plate

Precision stamping → Vibration grinding → Electroplating → Dimensional measurement → Appearance → Packing

■ Manufacturing process of the disk clamp

Precision stamping → Double-sided grinding → Vibration grinding → Electroplating → Dimensional measurement → Appearance → Packing

■ Manufacturing process of the stiffener

Precision stamping → Dimensional measurement → Surface treatment → Dimensional measurement → Appearance → Packing

■ Manufacturing process of the heat spreader

Precision stamping → Milling → Surface modificati → Electroplating → Dimensional measurement → Appearance → Packing

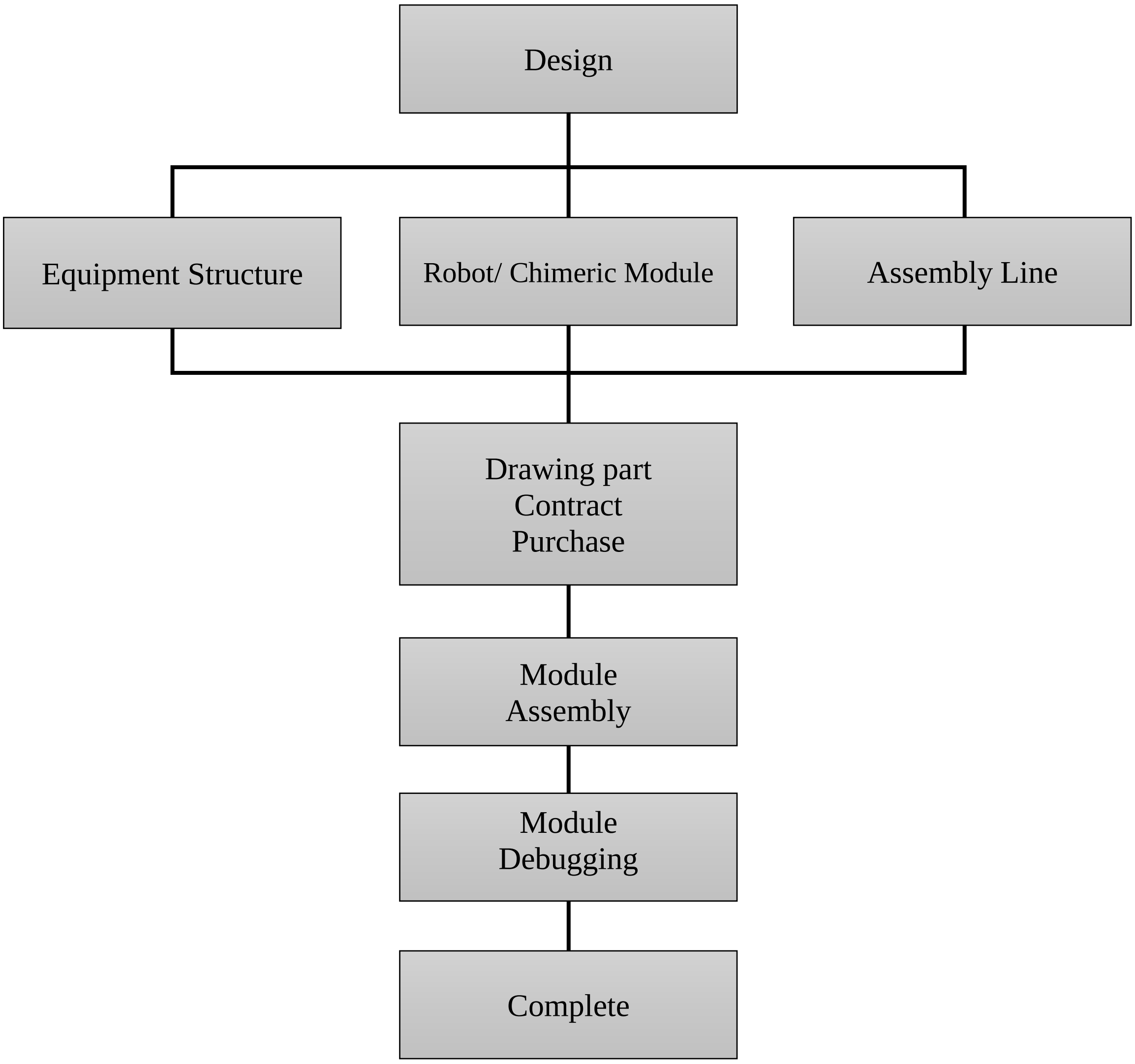
(2) MAPP

■ Manufacturing process of the medical plastic product

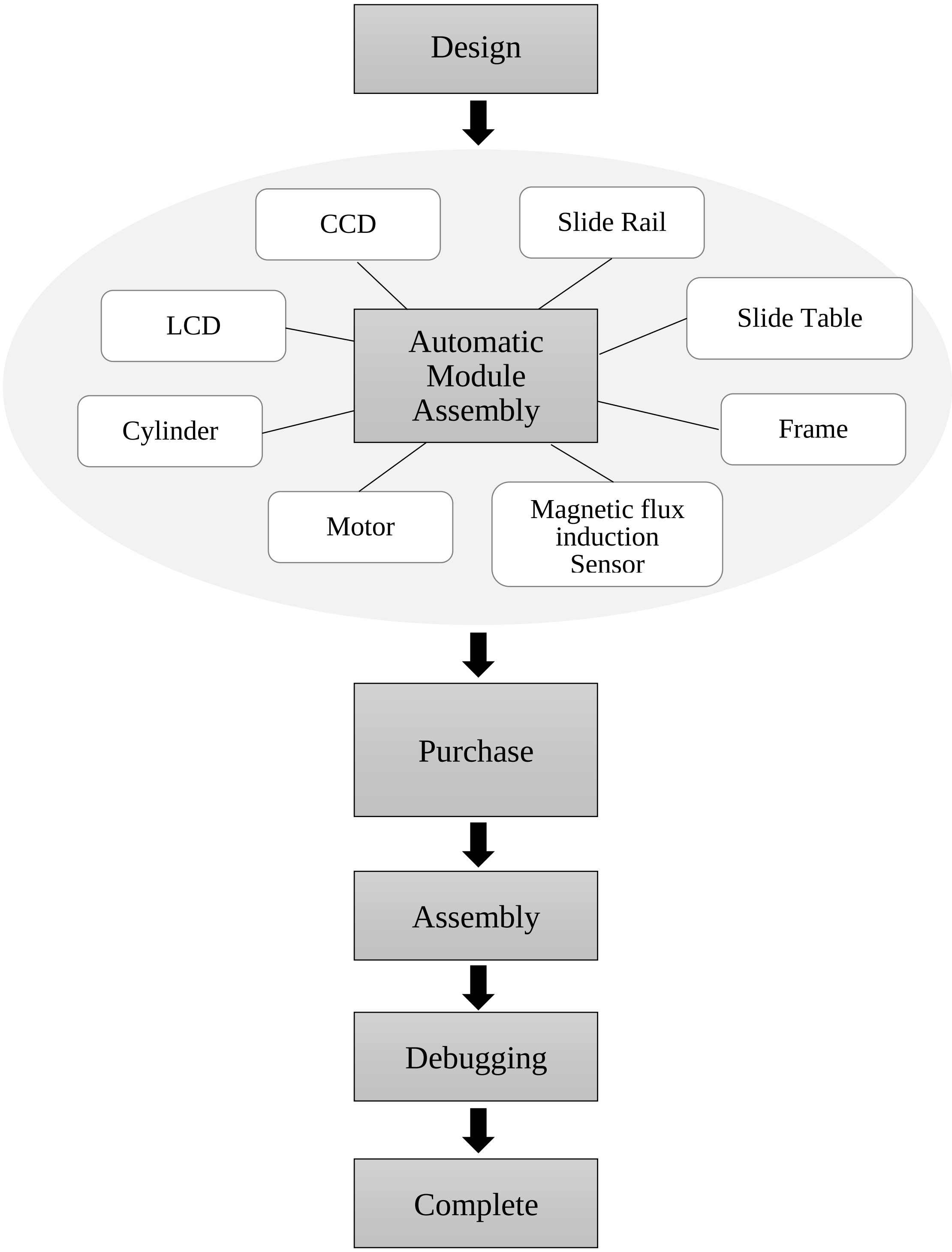
Confirmation of raw material specification → Mold fabrication → Functionality test and specification check → Appearance and other detections → Packaging for delivery

(3) Suzhou Amould

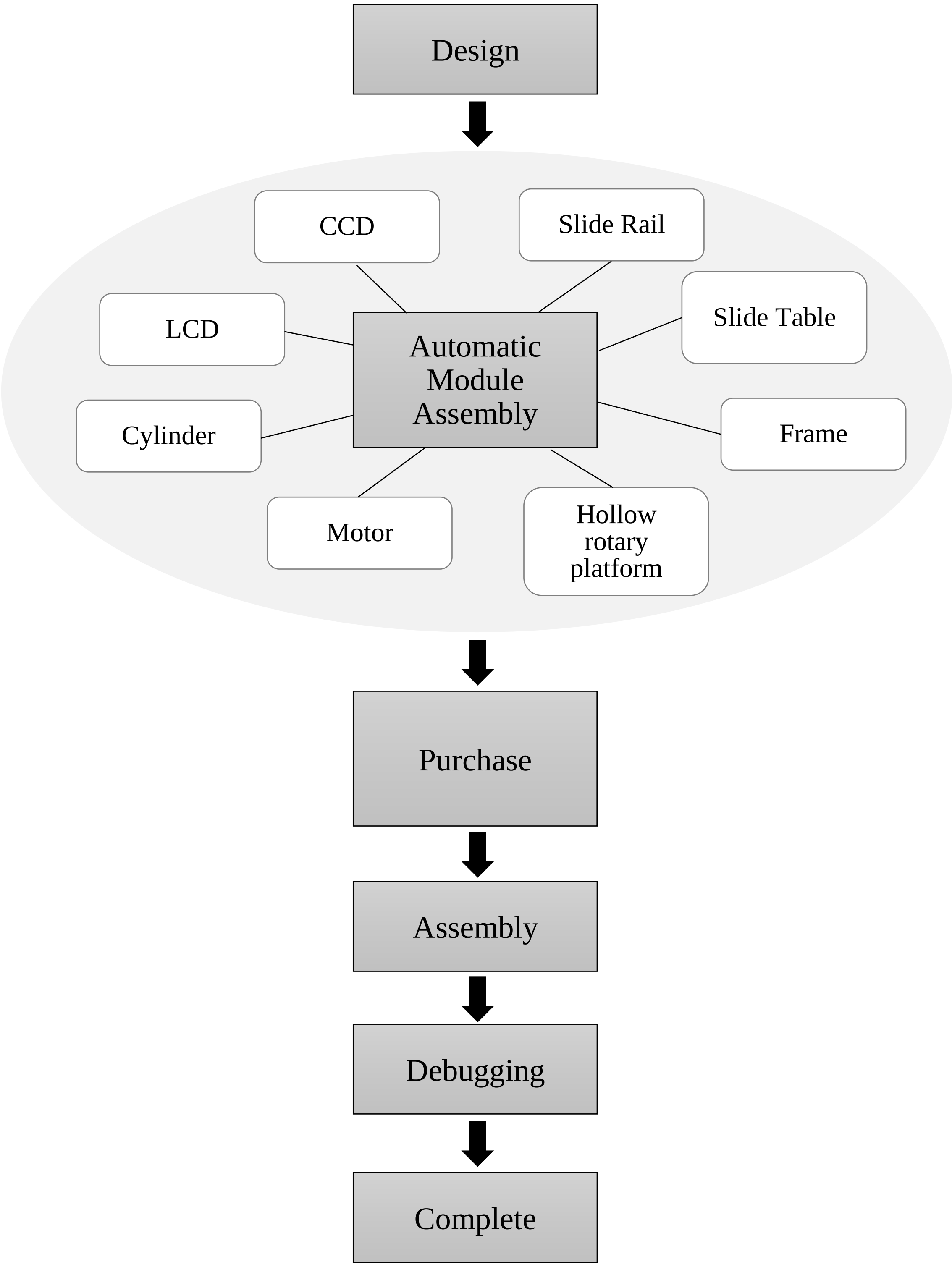
- Manufacturing process of SMT RF Test integration equipment/ Manufacturing process of SSD Testing equipment



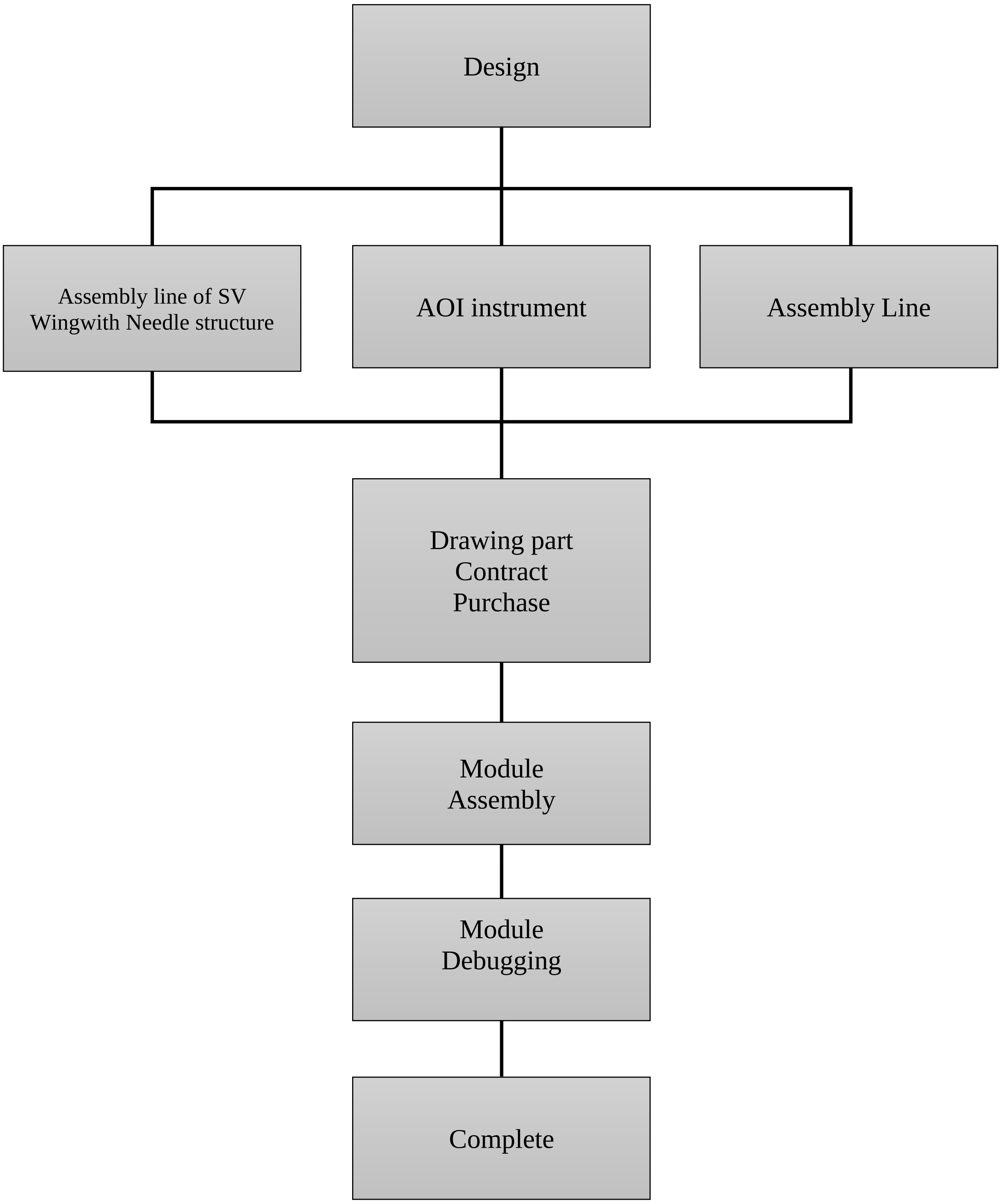
■ Manufacturing process of Magnetic flux measuring machine



■ Manufacturing process of Multiple Types of Mylar Mounter



■ Medical product assembly test equipment manufacturing process



5.2.3 Quality of Supplied Main Raw Materials

(1) Min Aik Precision

Name of Main Raw Materials	Main source	Quality of Supply
Iron	Taiwan	Good
Electroplating solution	Taiwan	Good

(2) MAPP

Name of Main Raw Materials	Main source	Quality of Supply
Plastic resin	Singapore	Good

(3) Suzhou Amould

Name of Main Raw Materials	Main source	Quality of Supply
Machined part of the rack	China	Good
Electromechanical parts	China	Good

5.2.4 The name of the suppliers (clients) and the amount and proportion of the goods in which the 10% total amount of goods has been accounted for in either of the two most recent years, and the reasons for the increase or decrease.

1. Suppliers accounted for at least 10% of annual consolidated net procurement in recent two years

Unit: NT$ thousands

	2019				2020			
Item	Name	Amount	As % of total net procurement	Relation to the Company	Name	Amount	As % of total net procurement	Relation to the Company
1	AB Company	74,926	10.20	None	AB Company	81,471	9.18	None
	Others	659,881	89.80	—	Others	805,685	90.82	—
	Total net procurement	734,807	100.00	—	Total net procurement	887,156	100.00	—

Reasons for increase or decrease:

(1) AB Company is one of the company's major suppliers of iron materials. Due to the increase in product sales, the net purchase amount increased compared to 2019. However, the overall revenue in 2020 will increase compared to 2019, and due to the impact of product mix, the proportion of purchases from AB will decrease compared with 2019.

2. Customers that accounted for at least 10% of annual consolidated net revenue in recent two years

Unit: NT$ thousands

	2019				2020			
Item	Name	Amount	As % of total net Revenue	Relation to the Company	Name	Amount	As % of total net Revenue	Relation to the Company
1	Min Aik Group	481,813	26.81%	related party	Min Aik Group	464,497	24.17%	related party
2	J Company	334,732	18.62%	None	J Company	300,448	15.63%	None
3	S Group	203,536	11.32%	None	S Group	252,325	13.13%	None
	Others	777,210	43.25%	—	Others	904,430	47.07%	—
	Total net Revenue	1,797,291	100.00%	—	Total net Revenue	1,921,700	100.00%	—

Reasons for increase or decrease:

(1) Min Aik Group: Due to the reduction in demand from end customers and the impact of product mix, the sales amount and proportion in 2020 are both lower than in 2019.

(2) J Company: Due to the impact of the production and sales mix and the reduction in customer orders, the sales amount and proportion in 2020 are both lower than in 2019.

(3) S Company: Due to the adjustment of supplier strategies and product mix changes by end customers, the sales amount and proportion in 2020 are both higher than in 2019.

5.2.5 Table of the production volume in recent two years

Unit: Thousands of PCS, NT$ thousands

Year / Production volume / Major products (or Department)	2019			2020		
	Capacity	Production	Value	Capacity	Production	Value
Hard Disk Drive stamping components	433,210 (Note)	137,324	544,012	376,200	183,397	696,618
Other electronic stamping components		37,033	128,756		81,638	269,840
Plastic injection parts	1,736,754	1,389,403	410,124	1,655,684	1,324,547	368,600
Automated machine	1.002	0.591	136,276	1.001	0.381	153,379
Total	2,169,965	1,563,761	1,219,168	2,031,885	1,589,582	1,488,437

Note: Due to the alternative production of Hard Disk Drive stamping components and Other electronic stamping components, combined capacity.

5.2.6 Table of the volume of units sold in recent two years

Unit: Thousands of PCS, NT$ thousands

Year / Sold volume / Major products (or Department)	2019				2020			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Hard Disk Drive stamping components	28,140	142,111	114,768	586,056	27,860	156,275	121,930	573,353
Other electronic stamping components	14,973	89,711	31,968	74,596	5,780	93,416	65,965	121,459
Plastic injection parts	90	522	1,336,290	514,534	90	486	1,302,430	512,998
Automated machine	0.006	8,973	5	192,217	0.079	4,565	7	298,860
Other (Note)	—	2,322	—	186,249	—	1,005	—	159,283
Total	43,203	243,639	1,483,031	1,553,652	33,730	255,747	1,490,332	1,665,953

Note: Raw materials and consumables and moulds are not calculated due to different calculation units.

5.3 Employees: the number of the employees, average length of service, average age and educational background distribution ratio in the last two years and as of the date of publication of the annual report

Year		2019	2020	As of 2021/03/31
Number of employees		879	900	918
Average age		37	38	37
Average years of service (year)		6	6	6
Distribution of Educational Background	Ph.D.	0%	0%	0%
	Master	3%	2%	2%
	College	42%	41%	40%
	High school and below	55%	57%	58%

5.4 Information of Expenditure for Environmental Protection

Indicate the amount of the loss (including compensation) and penalty resulting from environmental pollution in the latest year and as of the publication date of the annual report, and explain the countermeasures (including improvement measures) to be taken in the future and possible expenditures (including the estimated amount of possible loss, penalty and compensation if improvement measures are not taken. If it cannot be evaluated reasonably, please explain why it cannot be reasonably estimated.): the company has not yet been suffered from the loss (including compensation) or punishment due to environmental pollution so far.

5.5 Labor-Employer Relation

5.5.1 State employee welfare measures, advanced study, training, retirement system, implementation of retirement system, agreements between the employer and the employees, and measures for protection of employees' rights and interests.

1. Welfare measures of the employees: the welfare measures of the company are standardized in accordance with the laws and regulations, and some of the welfare measures are better than the laws and regulations; we actively create a more friendly environment, in order to make all employees work in a better environment.

(1) Insurance: besides the statutory labor and health insurance, the company buys all employees the accident insurance and hospitalization medical insurance.

(2) Physical and mental health and safety assurance of the employees:

A. In order to maintain the health of the employees, the employees can receive additional health check-up allowance after working two years, once every two years and each for NT$10,000 besides the health check-up stipulated by the law.

B. The company cordially invites the external professional lecturers to give the health promotion lectures every season - to exchange and teach in allusion to the issues, such as the career, personal and family, chronic diseases, stress management and so on, in order to maintain the physical and mental health of the employees.

C. The Automatic External Defibrillator (AED) is arranged to protect the safety of the employees and accordingly promote the company as a safe enterprise.

(3) Rest, growth and learning:

A. In order to promote the communication between the employees and the children, the company holds the family day every year. In this way, the feeling between the employees and the family members and the centripetal force of the company are increased, and accordingly the goal of balancing the job and the life is achieved.

B. The company handles the tourism activities at home and abroad for the employees, and provides subsidies.

C. The Welfare Committee aperiodically invites the external professional teachers to come to the plant to offer the courses related to language learning, to enhance their language skills of the employees and accordingly keep up with the international development.

D. Besides the professional learning courses, the Welfare Committee also prepares the soft courses, such as the coffee culture and kneading, to improve the humanistic quality of the employees.

(4) Facilities: the dormitory, the rest area, the dining room, the nursing rooms and so on

(5) Other welfares: cash gift for birthday, hospitalization leave, wedding and funeral leave, birth allowance, cash gift of three important festivals, dinner party, company's uniforms, etc.

2. Advanced studies of the employees: the company provides the employees with the in-service advanced study channel which includes teaching centers in various professional fields, extension education and so on.

3. Training of the employees: the company also offers the training courses, such as the industrial trend information and spiritual growth so far besides the core, professional and management function training.

4. Retirement system and its implementation situation: the company stipulates the retirement measures in accordance with the relevant provisions of the Labor Standards Act and Labor Pension Act, and allocates the reserve for employee retirement:

(1) Besides the reserve for employee retirement to be allocated each month in accordance with the proportion 2.29% of the gross salary, the employee to whom the Labor Standards Act is applicable to allocate the pension can regularly review the allocation rate every year. The Labor Retirement Reserve Oversight Committee is established to regularly monitor the allocation of retirement reserve and is responsible for reviewing the retirement applications.

(2) The employees to whom the Labor Pension Act is applicable to allocate the pension can allocate 6% to their personal retirement accounts in accordance with the allocated salary scale every month, or allocate the pensions with a proportion of less than 6% to the their personal retirement accounts every month according to the allocated salary scale based on their own wishes. The remaining subsidiaries shall handle in accordance with the relevant local laws.

(3) The Defined Contribution Plan (DC plan) shall be implemented in the overseas subsidiaries in allusion to the pensions, and the provident fund, the pension, the medical and other social security benefits are paid monthly in accordance with the provisions of the local government.

5. Agreements between the employer and the employees and various measures to protect the rights and interests of employees:

   (1) The company formulates the ‘Measures for the Implementation of Labor-management Conference, ‘while holding the labor-management conference to discuss and consult various relevant issues of the employees. The relevant units are also be obligated to handle and complete the matters decided during the conference within a certain period of time.

   (2) The company formulates ‘Internal Appeal Measures ‘to protect the legal rights and interests of the employees and assists to solve the unreasonable treatment received by the employees, in order to maintain a legal, reasonable and fair work environment.

   (3) In order to provide the more diversified channels of communication, the company provides the options of communicating the opinions in the Employee Handbook and sets up the staff suggestion box. The company also sets up the contact mailbox on the entrance website while publicizing the communication channels during the assembly of all employees, so as to give full play to the labor-management coordination mechanism.

   (4) The company also complies with the provisions on Gender Equality in Employment Act and formulates the measures to prevent and control the sexual harassment, appealing and disciplinary measures, to protect the rights and interests of the employees.

6. In order to strengthen and improve the occupational safety and health facilities and work environment while effectively reducing the occurrence rate of the occupational disasters and ensuring the occupational safety and health, the company formulated and implemented various management and implementation measures, and passed the certification of OHSAS 18001 in May, 2009 and certification of CNS15506 in September, 2012.

5.5.2 The losses as a result of labor disputes in recent years and as of the date of publication of the annual report were listed, and the estimated amount and countermeasures that occur at present and might occur in the future were disclosed. If they cannot be estimated, the fact that they cannot be estimated should be clarified.

The company and its subsidiaries always regard the employees as the most important asset of the company, equally pay attention to the working conditions and the welfare of the employees and are committed to creating a good work environment and providing an unblocked communication channel between the employer and the employees. Therefore, the company has not yet been suffered from the loss due to the labor disputes in recent years and as of the date of publication of the annual report. The company will continue to make efforts in this direction to maintain the harmonious relationship between the employer and the employees and accordingly protect the company from the loss due to the labor disputes which occur in the future.

5.6 Important contracts

(1) Min Aik Precision

Contractual nature	Concerned Party	Contract Date	Main contents	Restrictive clause
Loan contract	Cathay United Bank	2018.04.16~ 2027.04.16	Land and building guarantee loans	None
Loan contract	Hua Nan Bank	2020.01.22~ 2022.01.21	Medium and long-term loans	None
Loan contract	Hua Nan Bank	2020.03.23~ 2022.03.23	Medium and long-term loans	None

(2) MAPP

Contractual nature	Concerned Party	Contract Date	Main contents	Restrictive clause
Lease contract	JTC	1996.11.01~ 2052.10.31	Plant lease	None
Lease contract	JTC	1995.12.16~ 2052.12.15	Plant lease	None
Engineering contract	Presico Engineering Pte. Ltd.	2019.12.13~ 2021.08.31	Factory expansion project	None

(3) Suzhou Amould

Contractual nature	Concerned Party	Contract Date	Main contents	Restrictive clause
Lease contract	Suzhou Yifeng Automation Equipment Co., Ltd.	2017.7.15~ 2022.7.14	Plant lease	None

VI. Financial Information

6.1 The condensed Statement of Financial Position and Statement of Comprehensive Income for the past five years

(1) The condensed Statement of Financial Position and Statement of Comprehensive Income

The Consolidated Condensed Statement of Financial Position (IFRS)

Unit: NT$ thousands

Item \ Year		Financial information for the past five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		2,331,564	2,176,754	1,900,436	1,578,814	1,818,796
Investments accounted for using equity method		125,625	117,300	107,991	68,521	37,016
Property, plant and equipment (Note 2)		472,021	457,365	1,098,142	1,074,668	1,113,511
Intangible assets		0	0	0	0	0
Other assets (Note 3)		32,680	51,503	51,152	230,537	161,626
Total assets		2,961,890	2,802,922	3,157,721	2,952,540	3,130,949
Current liabilities	Before distribution	905,500	858,582	897,168	703,333	894,294
	After distribution	1,078,750	897,082	924,118	730,283	Not Yet Distributed
Non-current liabilities		67,263	117,648	531,393	536,799	535,468
Total liabilities	Before distribution	972,763	976,230	1,428,561	1,240,132	1,429,762
	After distribution	1,146,013	1,014,730	1,455,511	1,267,082	Not Yet Distributed
Equity attributable to owners of parent		1,989,127	1,826,692	1,729,160	1,712,408	1,701,187
Capital stock		770,000	770,000	770,000	770,000	770,000
Capital surplus	Before distribution	758,285	758,285	731,335	704,385	685,135
	After distribution	758,285	731,335	704,385	685,135	Not Yet Distributed
Retained earnings	Before distribution	517,222	360,275	292,772	308,149	331,384
	After distribution	343,972	348,725	292,772	300,449	Not Yet Distributed
Other equity interest		(56,380)	(61,868)	(64,947)	(70,126)	(85,332)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	After distribution	1,989,127	1,826,692	1,729,160	1,712,408	1,701,187
	Before distribution	1,815,877	1,788,192	1,702,210	1,685,458	Not Yet Distributed

Note 1: The financial statements had been duly certified by CPAs.

Note 2: Company has not revaluation of assets as of December 31, 2020.

Note 3: Other assets including Non-current financial assets at amortized cost, right-of-use assets and other non-current assets.

The Consolidated Condensed Statement of Comprehensive Income (IFRS)

Unit: NT$ thousands

Item \ Year	Financial information for the past five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	2,632,106	2,469,384	2,073,532	1,797,291	1,921,700
Gross profit from operations	697,976	500,760	360,103	398,249	435,427
Net operating Income	273,402	110,993	(53,333)	47,780	114,066
Non-operating income and expenses	43,395	(92,026)	19,124	(46,113)	(60,602)
Profit before income tax	316,797	18,967	(34,209)	1,667	53,464
Net Profit	227,629	16,513	(56,767)	14,160	29,987
Other comprehensive income (net of income tax)	(50,910)	(5,698)	(2,265)	(3,962)	(14,258)
Total comprehensive income	176,719	10,815	(59,032)	10,198	15,729
Net profit attributable to owners of parent	227,629	16,513	(56,767)	14,160	29,987
Total comprehensive income attributable to owners of parent	176,719	10,815	(59,032)	10,198	15,729
Earnings per share	2.96	0.21	(0.74)	0.18	0.39

Note 1: The financial statements had been duly certified by CPAs.

The Condensed Statement of Financial Position (IFRS)

Unit: NT$ thousands

Item \ Year		Financial information for the past five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		1,439,506	1,249,258	854,232	699,062	720,231
Investments accounted for using equity method		839,744	934,148	955,135	850,850	956,989
Property, plant and equipment (Note 2)		266,267	258,313	914,946	890,111	943,795
Intangible assets		0	0	0	0	0
Other assets (Note 3)		25,257	38,212	39,073	140,337	87,772
Total assets		2,570,774	2,479,931	2,763,386	2,580,360	2,708,787
Current liabilities	Before distribution	513,403	502,144	521,404	417,187	546,849
	After distribution	686,653	540,644	548,354	444,137	Not Yet Distributed
Non-current liabilities		68,244	151,095	512,822	450,765	460,751
Total liabilities	Before distribution	581,647	653,239	1,034,226	867,952	1,007,600
	After distribution	754,897	691,739	1,061,176	894,902	Not Yet Distributed
Equity attributable to owners of parent		1,989,127	1,826,692	1,729,160	1,712,408	1,701,187
Capital stock		770,000	770,000	770,000	770,000	770,000
Capital surplus	Before distribution	758,285	758,285	731,335	704,385	685,135
	After distribution	758,285	731,335	704,385	685,135	Not Yet Distributed
Retained earnings	Before distribution	517,222	360,275	292,772	308,149	331,384
	After distribution	343,972	348,725	292,772	300,449	Not Yet Distributed
Other equity interest		(56,380)	(61,868)	(64,947)	(70,126)	(85,332)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,989,127	1,826,692	1,729,160	1,712,408	1,701,187
	After distribution	1,815,877	1,788,192	1,702,210	1,685,458	Not Yet Distributed

Note 1: The financial statements had been duly certified by CPAs.

Note 2: Company has not revaluation of assets as of December 31, 2020.

Note 3: Other assets including Non-current financial assets at amortized cost, right-of-use assets and other non-current assets.

The Condensed Statement of Comprehensive Income (IFRS)

Unit: NT$ thousands

Item \ Year	Financial information for the past five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	1,283,207	1,209,983	1,032,296	903,555	957,882
Gross profit from operations	340,008	186,113	108,960	144,452	124,248
Net operating Income	144,514	8,302	(68,498)	(14,598)	(53,097)
Non-operating income and expenses	130,151	(2,009)	23,764	(11,794)	86,127
Profit before income tax	274,665	6,293	(44,734)	(26,392)	33,030
Net profit	227,629	16,513	(56,767)	14,160	29,987
Other comprehensive income (net of income tax)	(50,910)	(5,698)	(2,265)	(3,962)	(14,258)
Total comprehensive income	176,719	10,815	(59,032)	10,198	15,729
Earnings per share	2.96	0.21	(0.74)	0.18	0.39

Note 1: The financial statements had been duly certified by CPAs.

(2) Names of the CPAs and the audit opinion for the past five years

Year	Accounting Firm and name of the CPAs	Audit Opinion
2016	KPMG / Wu, Mei-Ping & Huang, Yung-Hua	Unqualified Opinion
2017	KPMG / Wu, Mei-Ping & Huang, Yung-Hua	Unqualified Opinion
2018	KPMG / Chen, Cheng-Chien & Huang, Yung-Hua	Unqualified Opinion
2019	KPMG / Chen, Cheng-Chien & Huang, Yung-Hua	Unqualified Opinion
2020	KPMG / Chen, Cheng-Chien & Huang, Yung-Hua	Unqualified Opinion

6.2 Financial analysis for the past five years

(1) Financial analysis - Consolidated Financial Statements (IFRS)

Item	Year	Financial analysis for the past five years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure	Debt Ratio (%)	32.84	34.83	45.24	42.00	45.67
	Ratio of long-term capital to property, plant and equipment (%)	435.66	425.12	205.85	209.29	200.87
Solvency	Current ratio (%)	257.49	253.53	211.83	224.48	203.38
	Quick ratio (%)	229.67	216.98	175.14	178.26	160.66
	Interest Coverage Ratio	116.87	5.44	(2.89)	1.12	5.04
Operating ability	Accounts receivable turnover (times)	3.70	3.18	3.13	3.73	4.08
	Average collection days	98.64	114.77	116.61	97.85	89.46
	Inventory turnover (times)	6.72	8.01	6.39	5.13	4.73
	Accounts payable turnover (times)	7.20	7.45	7.06	6.43	6.23
	Average days in sales	54.31	45.56	57.12	71.15	77.16
	Property, plant and equipment turnover (times)	4.95	5.31	2.67	1.65	1.76
	Total assets turnover (times)	0.92	0.86	0.70	0.59	0.63
Profitability	Return on total assets (%)	8.03	0.70	(1.61)	0.92	1.42
	Return on stockholders' equity (%)	12.84	0.87	(3.19)	0.82	1.76
	Pre-tax income to paid-in capital (%)	41.14	2.46	(4.44)	0.22	6.94
	Profit ratio (%)	8.65	0.67	(2.74)	0.79	1.56
	Earnings per share (NT$)	2.96	0.21	(0.74)	0.18	0.39
Cash flow	Cash flow ratio (%)	12.86	5.06	27.37	28.34	1.77
	Cash flow adequacy ratio (%)	85.14	101.01	68.67	63.46	33.83
	Cash reinvestment ratio (%)	(Note 2)	(Note 2)	6.16	5.30	0.55
Leverage	Operating leverage	2.51	4.35	(6.22)	8.19	3.57
	Financial leverage	1.01	1.04	0.86	1.42	1.13

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The increase in the interest coverage ratio was due to increase in the profit before income tax.
2. The increase in the profitability ratio was due to increase in profit before and net of income tax, resulted in the rate of return on total assets, the rate of return on shareholders ' equity, the ratio of pre-tax income to paid-in capital, the rate of profit ratio and the EPS are higher than the previous period.
3. The decrease in cash flow ratio was due to decrease in net cash inflows from operating activities, resulted in the rate of cash flow ratio, the rate of cash flow adequacy ratio and the cash reinvestment ratio are lower than the previous period.
4. The decrease in operating leverage and financial leverage were due to the increase in operating profit.

(2) Financial analysis - Financial Statements (IFRS)

Item	Year	Financial analysis for the past five years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure	Debt Ratio (%)	22.63	26.34	37.43	33.64	37.20
	Ratio of long-term capital to property, plant and equipment (%)	772.67	765.66	245.04	243.02	229.07
Solvency	Current ratio (%)	280.39	248.78	163.83	167.57	131.71
	Quick ratio (%)	259.72	218.49	131.83	134.62	109.76
	Interest Coverage Ratio	158.76	3.82	(4.68)	(1.84)	4.61
Operating ability	Accounts receivable turnover (times)	2.98	3.51	3.39	3.13	3.16
	Average collection days	122.48	103.98	107.66	116.61	115.50
	Inventory turnover (times)	8.19	9.36	7.28	7.60	7.91
	Accounts payable turnover (times)	4.69	6.82	6.41	6.03	6.16
	Average days in sales	44.56	38.99	50.13	48.02	46.14
	Property, plant and equipment turnover (times)	4.49	4.61	1.76	1.56	1.58
	Total assets turnover (times)	0.52	0.48	0.39	0.35	0.36
Profitability	Return on total assets (%)	9.32	0.89	(1.78)	0.34	1.45
	Return on stockholders' equity (%)	12.84	0.87	(3.19)	0.82	1.76
	Pre-tax income to paid-in capital (%)	35.67	0.82	(5.81)	(3.43)	4.29

	Profit ratio (%)	17.74	1.36	(5.50)	1.57	3.13
	Earnings per share (NT$)	2.96	0.21	(0.74)	0.18	0.39
Cash flow	Cash flow ratio (%)	63.27	(14.53)	5.54	39.15	(4.91)
	Cash flow adequacy ratio (%)	78.09	94.35	52.39	44.19	25.54
	Cash reinvestment ratio (%)	(Note 2)	(Note 2)	(Note 2)	4.81	(Note 2)
Leverage	Operating leverage	2.41	22.36	(1.53)	(10.07)	(1.90)
	Financial leverage	1.01	1.37	0.90	0.61	0.85

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The decrease in the current ratio was due to the increase in current liabilities compared with the previous period
2. The decrease in the interest coverage ratio was due to the increase in profit before income tax.
3. The increase in the profitability ratio was due to increase in profit before and net of income tax, resulted in the rate of return on total assets, the rate of return on shareholders ' equity, the ratio of pre-tax income to paid-in capital, the rate of profit ratio and the EPS are higher than the previous period.
4. The decrease in cash flow ratio was due to net cash outflows from operating activities, resulted in the rate of cash flow ratio and the rate of cash flow adequacy ratio are lower than the previous period.
5. The increase in operating leverage and financial leverage were due to the increase in operating loss.

Note 1: The financial statements from 2016 to 2020 had been duly certified by CPAs.

Note 2: Net cash flow from operating activities is negative after deducting cash dividends, so it is not calculated.

Note 3: Formulas for financial analysis ratio as the followings:

1. Financial structure
   (1) Debt Ratio = Total liabilities / Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net Property, Plant and Equipment.
2. Solvency
   (1) Current ratio = Current Assets / Current liabilities.
   (2) Quick ratio = (Current Assets - Inventory – Prepaid Expenses) / Current liabilities.
   (3) Interest Coverage Ratio = Net gains before income tax and interest expenses / Current interest expense.
3. Operating ability
   (1) Account receivables (including notes receivables from operating activities and accounts receivable) turnover = net sales / average receivables of each term (including notes receivables from operating activities and accounts receivable) balance.
   (2) Average collection days = 365 / Account receivables turnover.

(3) Inventory turnover = COGS / average inventory amount.

(4) Account payables (including notes payable from operating activities and accounts payable) turnover = COGS / average payables of each term (including Notes payable from operating activities and accounts payable) balance.

(5) Average days in sales = 365 / Inventory turnover.

(6) Property, Plant and Equipment turnover = Net sales / Net average Property, Plant and Equipment.

(7) Total assets turnover = Net sales / Average total assets.

4. Profitability

(1) Return on assets = [gain/loss after tax + interest expense x (1 - tax rate)] / average total asset.

(2) Return on equity = gain/loss after tax / average total equity.

(3) Pre-tax income to capital = income before tax / paid-in capital.

(4) Net gains ratio = gain/loss after tax / net sales.

(5) Earnings per share = (the gain/loss contributed to the parent company – preferred stock dividend) / weighted average shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities in the past five years / five years sum of (capital expenditures + inventory addition + cash dividends).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (Property, plant and equipment gross + long term investment + other non-current assets + working capital).

6. Leverage

(1) Operating leverage = (net operating revenue - variable operating cost and expenses) / operating gains.

(2) Financial leverage = operating gains / (operating gains - interest expense).

6.3 Audit Committee's audit report on the financial report of the most recent year

Min Aik Precision Industrial Co., Ltd.

Audit report issued by Audit Committee for 2020

The individual financial report and consolidated financial report of 2020 of the company, which were prepared by its Board of Directors, have been certified by Chen, Cheng-Chien and Huang, Yung-Hua, CPAs of KPMG. The aforementioned reports, the business report and the earnings distribution proposal are reviewed by the Committee and found true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to:
2021 Annual General Meeting of Min Aik Precision Industrial Co., Ltd.

Convener of Audit Committee: Sun, Chu-Wei

March 17, 2021

6.4 Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: Please refer to Appendix 1

6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: Please refer to Appendix 2

6.6 The financial problems of the Company and its Affiliated Enterprise found as of the Annual Report issuance date and the impact of such problems upon the Company's financial standing: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2019		2020		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	1,578,814	54%	1,818,796	58%	239,982	15%
Investments accounted for using equity method	68,521	2%	37,016	1%	(31,505)	(46%)
Property, plant and equipment	1,074,668	36%	1,113,511	36%	38,843	4%
Other assets	230,537	8%	161,626	5%	(68,911)	(30%)
Total assets	2,952,540	100%	3,130,949	100%	178,409	6%
Current liabilities	703,333	23%	894,294	29%	190,961	27%
Non-current liabilities	536,799	18%	535,468	17%	(1,331)	(0%)
Total liabilities	1,240,132	41%	1,429,762	46%	189,630	15%
Capital stock	770,000	26%	770,000	25%	0	0%
Capital surplus	704,385	24%	685,135	22%	(19,250)	(3%)
Retained earnings	308,149	11%	331,384	10%	23,235	8%
Other equity interest	(70,126)	(2%)	(85,332)	(3%)	(15,206)	(22%)
Total equity	1,712,408	59%	1,701,187	54%	(11,221)	(1%)

Analysis of changes in financial ratios over 20% and the difference amount over NT$ 10,000 thousand:

1. Due to recognizing the loss on investments, the investments accounted for using equity method decreased by NT$31,505 thousand with a decrease of 46%.
2. Other assets including non-current financial assets at amortized cost、right-of-use assets and non-current assets. Due to the plant expansion and purchase of machinery and equipment by using repatriated offshore funds, non-current financial assets at amortized cost decreased, resulting in other assets decreased by NT$68,911 thousand with a decrease of 30%.
3. Due to short-term borrowings increased, the current liabilities increased by NT$190,961 thousand with an increase of 27%.
4. Due to the exchange rate fluctuations for exchange differences on translation of foreign financial statements, other equity interest decreased by NT$15,206 thousand with a decrease of 22%.

7.2 Analysis of Financial Performance

(1) Analysis of changes in Financial Performance

Unit: NT$ thousands

Item \ Year	2019 Amount	2020 Amount	Difference	(%)
Operating revenue	1,797,291	1,921,700	124,409	7%
Operating costs	1,399,042	1,486,273	87,231	6%
Gross profit	398,249	435,427	37,178	9%
Operating expenses	350,469	321,361	(29,108)	(8%)
Operating Income	47,780	114,066	66,286	139%
Non-operating income and expenses	(46,113)	(60,602)	(14,489)	(31%)
Profit before income tax	1,667	53,464	51,797	3107%
Minus: Income tax expense	(12,493)	23,477	35,970	288%
Net profit	14,160	29,987	15,827	112%
Other comprehensive income (net of income tax)	(3,962)	(14,258)	(10,296)	(260%)
Total comprehensive income	10,198	15,729	5,531	54%

Analysis of changes in financial ratios over 20% and the difference amount over NT$ 10,000 thousand:

1. Operating Income increased by NT$ 66,286 thousand with an increase of 139%, mainly due to control the costs and expenses strictly as well as the increase of efficiency.

2. The current non-operating income and expenses decreased by NT$ 14,489 thousand with a decrease of 31%, which is mainly due to the increase in exchange losses caused by exchange rate volatility.

3. The current income tax expenses increased by 35,970 thousand with an increase of 288%, mainly due to increase in the profit before income tax.

4. Other comprehensive income decreased by NT$ 10,296 thousand with a decrease of 260%, which is mainly due to exchange rate fluctuations for exchange differences on translation of foreign financial statements.

(2) Anticipated sales volume and grounds thereof, potential impact upon the Company in future financial conditions and the countermeasures:

According to Forbes research report, the global sales of hard drives were approximately 260 million units in 2020 and is 18.7% lower than 2019. The after observing the design trend of the hard disk product in recent years, the most important technological development includes energy-assisted magnetic recording (EAMR) technology, popularization of the serial interface architecture, encrypted design of the hard disk, the energy-saving design of the hard disk and the launch of the portable hard disk solution.

With growing demand of data center and brand server recently, all hard disk manufacturers contribute more development resources in Nearline such big capacity hard disk development and production.

In order to serve the existing customers and develop the potential customers, the company shall also enhance the high involvement in the development stage of the new product, to improve the customer's trust and dependence on the company and acquire the first opportunity in mass production and the high market share. In allusion to the existing customers, the company shall continuously implement the pace of globalization in accordance with the requirements of the market and the customers while establishing the overseas production and service bases duly and continuously introducing the automation technology, to improve the capacity, the productivity and the product quality, achieve the goal of reducing cost, expanding market share of the products and accordingly improve the profitability. In addition, the company shall strengthen the strategic alliance with the service agent partners while expanding other niche markets, developing the products and increasing the existing market share. The company will try its best to achieve the goal and will keep focusing on raising the sales of automobile components and electronic components.

In the medical plastics field, the Company mainly focused on OEM for global medical device companies, with the rapidly increasing technology developments of medical diagnostics and lengthened life expectancy of the general population in developed countries. The Company will seize the trend and opportunity to cooperate with clients more closely, shape its strategy and reallocate the resource via the current industry place that the Company owned in Singapore and other Asia countries, to attain a promising growth in the future. Additionally, in response to the 2020 COVID-19 epidemic, the pharmaceutical industry is developing rapidly, and the corresponding demand for automated production is generated to improve its quality and output.

However, while the changing situation of the market economy, the company will strictly maintaining the cost and expense structure, trying to locate itself in an invincible position, then seek to more competitive advantages and turning points by transforming and introducing new management system, trying to create a greater profit in the future.

7.3 Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Year / Item	2019	2020	Variance (%)
Operating activities	199,887	15,839	(92%)
Investing activities	(161,153)	(31,029)	81%
Financing activities	(188,821)	61,217	132%
Total	(150,087)	46,027	131%

Analysis of change in cash flow in the current year:

1. Operating activities: The decrease in net cash inflows by increased accounts receivable and inventory in 2020.
2. Investing activities: The decrease in net cash outflow was due to which using repatriated offshore funds to acquire of property, plant and equipment in 2020.
3. Financing activities: The increase in net cash inflows by bank borrowings in 2020.
4. In summary: the net cash inflow increased NT$196,114 thousand in 2020, which is upper compared with 2019.

(2) Contingency plans for projected insufficient capital liquidity: N/A

(3) Cash Flow Analysis for the Coming Year (2021)

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
888,532	545,485	576,651	857,366	-	-

1. Cash Flow Analysis for the Coming Year:
   a. Operating activities: The cash inflow from operating activities is estimated at NT$269,516 thousand in 2021.
   b. Investing activities: Expected to acquisition of machinery and equipment and expansion of the factory, estimated cash outflows at NT$153,411 thousand in 2021.
   c. Financing activities: Repayments of bank borrowings and dividend distributions to shareholders by cash, estimated cash outflows at NT$147,271 thousand in 2021.
   d. In summary, the total cash surplus in 2021 is approximately NT$857,366 thousand.
2. Contingency plans for projected insufficient cash position: N/A

7.4 The impact of the significant capital expenditure of the latest year upon the financial conditions:

(1) Major Capital Expenditure Items and Source of Capital:

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital
Plant expansion (Min Aik Precision)	Own funds and bank	2020.12	43,000
Plant expansion (MAPP)	Own funds and bank	2021.09	158,834

(2) Expected Benefits: In production space and equipment utilization rate are nearly full, the Group’s planned to expand the production capacity and increase the production scale in order to obtain business opportunities.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) Reinvestment policy for the most recent fiscal year: The Company's reinvestments are in compliance with the “Procedures for Acquisition and Disposal of Assets”, and shall be implemented after the evaluation of investment effectiveness and approved by the board of directors.

(2) The main reasons for profits or losses: In 2020, the Company recognized investment loss of NT$29,021 thousand by using the equity method of accounting, which was mainly due to reduced profits on reinvestment of overseas companies caused by decline in operating loss.

(3) Investment Plans for the Coming Year: In order to obtain business opportunities and product upgrades, the Company expects to expand the plant for the Company's long-term development.

7.6 Analysis of Risk Management

(1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Interest rate

   If the interest rate had increased or decreased by a quarter-point, the Company’s net income before tax would have increased or decreased by $113 thousands with all variable factors remaining constant. This is mainly due to the Company’s financial liabilities and bank deposits in variable-rate bills. The Company use bank loans for debt financing, with agreements on interest rate intervals to reduce the interest rate risks. Thus, the change in interest rate has no significant impact on the Company. The Company has also keep up with changes in interest rates and conduct necessary measures, thereby reducing the impact of interest rate fluctuations on profit and loss.

2. Foreign exchange rate

   The Company's business is mainly focused on exports, which is mainly based on US dollars, whereas purchases are mainly from domestic manufacturers. Total receivables denominated in US dollars is larger than the purchases denominated in US dollars, thus after calculating the balance amount, the foreign exchange rate fluctuations would still have certain impact on the Company's income. A weakening or strengthening of 1% of the NTD against the foreign currency as of 31, December, 2020 would have decreased or increased the net profit before tax by $5,858 thousand.

   Although the foreign exchange rate fluctuations have an impact on the Company's revenue and profit, the Company manages its foreign capital based on the Conservatism Principle, and commit to greater efforts to avoid adverse effects that may be caused by foreign exchange rate fluctuations. In addition to the natural hedges from foreign denominated receivables and payables, the Company’s financial personnel would retain foreign currency holdings in response to the demand for foreign currencies, and adjust its foreign currency holdings accordingly, depending on the exchange rate trends, in order to reduce the impact of foreign exchange rate fluctuations. When providing a quote, the business department also considers price adjustment caused by foreign exchange rate fluctuations to ensure profitability, and make efforts on eliminating the impact of foreign exchange rate fluctuation on the Company’s income.

3. Inflation

   Inflation has no significant impact on the Company, and the Company will also pay close attention to future inflation, and adjust its inventories and product price accordingly.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

In order to manage financial risks, the Company has not engaged in high-risk or highly leveraged investments, and has established internal management and operational procedures in accordance with regulations such as the “Procedures for Acquisition and Disposal of Assets”, “Procedures for the Loaning of Funds”, and “Procedures for Endorsements and Guarantees”.

Financial derivatives held or issued by the Company are for hedging foreign exchange rate risks of net assets or net liabilities, and the transactions are based on regulations of the “Procedures for Acquisition and Disposal of Assets”. Up to date of publication of the annual report in 2020, the Company has not engaged in transactions of financial derivatives.

(3) Future Research & Development Projects and Corresponding Budget

1. Future Research & Development Projects

   The Company has already invested considerable resources in the development of new products over a long time. In terms of precision metal stamping, the Company has considerable investment on hard disk and other products in order to meet clients' needs in product development. For hard disks, the Company has actively invested on the improvement and R & D of various new molds and manufacturing processes since its establishment. In terms of precision stamping of products other than hard disks, the Company actively focuses on entering communication or electronic fields. The products underline features of thin and robust, hence the Company also invests considerable resources in surface treatments and manufacturing processes of these products in order to meet the needs of clients who seek new developments.

   For the medical plastics business, the Company will gradually invest resources in order to maintain steady and long-term development.

   As for the automation equipment, since the business focuses on customization, the Company's automation business unit has considerable R&D and innovation abilities in order to meet clients' needs. In addition, the recent increase in labor costs accelerated automation demands, thus the business unit actively invests in robotic arms and systems integration, in order to offer more varieties for its clients. Moreover, the business unit for automation equipment also makes considerable improvements in the product design process, enabling clients to receive the required products in a short period of time, and gain more opportunities on obtaining client orders in automated businesses.

2. Expected Research Expenditure

   The Company will continue on developing projects acquiring patents, investing R&D expenses accounting for 4%-5% of total operating revenue in 2021, in order to boost its R&D capability and market competitiveness.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company's various businesses are implemented in accordance with regulations of the competent authority, and pay attention to the changes major policies and regulation changes locally and internationally in order to assess its impact on The Company. Up to the date of publication of the annual report, major policies and regulation changes locally and internationally have no significant impact on The Company's financial and business activities.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company attaches great importance to improvements in technology and carefully monitors market trends and assesses the impact they may have on the Company's operations.

In addition, the Company has obtained ISO-22301 Operational Continuous Management System Certification, and regularly conducts information system operational impact analysis and risk assessment every year, and implements improvement measures based on risk level assessment results, and continuously strengthens security protection to respond to information systems. Possible risks to avoid disruption of operations. Up to now, the Company has no significant security risks.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company always adheres to relevant laws and regulations on fulfilling its corporate social responsibility. Since 2009, has successively implemented ISO22301:2012, ISO9001:2015,

OHSAS18001:2007, ISO14001:2015, IATF16949:2016 and SA8000:2014. The Company has also implemented the EICC (currently named RBA Responsible Business Alliance Code of Conduct).

There are no negative reports on the Company’s corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: N/A

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

In order to obtain business opportunities and product upgrades, the Company expects to expand the plant. and planned to expand the production capacity and increase the production scale in order to obtain business opportunities. The source of funds for the factory expansion plant is by Company’s own funds, so the risks are still limited.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Risks Relating to Excessive Concentration of Purchasing Sources

   The Company has a large number of suppliers of the same nature to supply its main raw materials, in order to achieve high raw material flexibility. The supplier also has flexible schedules for special specifications and spot markets to secure a stable source of steel supply. The Company maintained a good relationship and business cooperation with all its suppliers, hence there are no risks associated with shortage or interruption of the source caused by consolidation of purchasing.

2. Risks Relating to Excessive Customer Concentration

   The Company's main products are precision metal stamping, plastic injection parts and automatic machines, which are mainly sold to famous international companies or assembly foundries. The Company has a diverse customer base that provides stability, and maintains stable strategic partnership with downstream clients and upstream suppliers to ensure stable operations.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: N/A

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights: N/A

(12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: N/A

(13) Other important risks, and mitigation measures being or to be taken: N/A

7.7 Other important matters: N/A

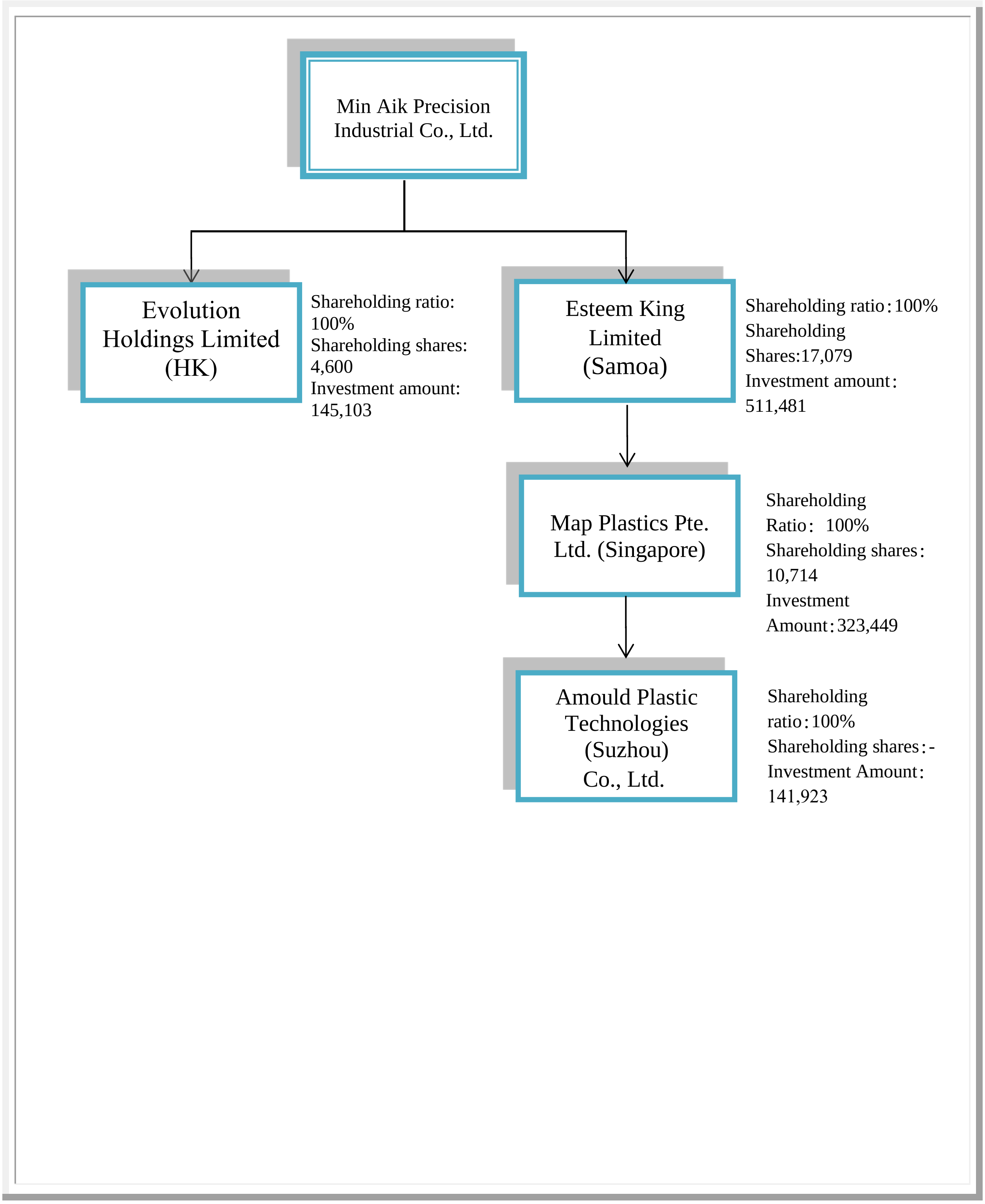
VIII. Specially Noted Matters

8.1 Relevant information of Affiliated Enterprise

(1) Affiliates information

1. Organization chart of Affiliated Enterprise

2020/12/31; Unit: In Thousands



2. Basic information of affiliates

2020/12/31

Company Name	Established Date	Address	Paid-In Capital	Main Business or Production
Esteem King Limited (Samoa)	2011.06.28	Vistra Corporate Services Centre, Ground Floor Npf Building, Beach Road, Apia, Samoa.	USD 17,079,352	Holding company
Evolution Holdings Limited (HK)	2015.02.18	1501 Capital Centre,151 Gloucester Road, Wan Chai, Hong Kong	USD 4,600,000	Holding company
MAP Plastics Pte. Ltd. (Singapore)	2002.10.25	13 Loyang Lane, Loyang Industrial Estate, Singapore 508924	SGD 14,178,469	R&D, manufacturing and sales of medical equipment and tooling
Amould Plastic Technologies (Suzhou) Co., Ltd.	2002.06.26	Building 4, No.886, Yinzhong South Road, Wuzhong District, Suzhou City, Jiangsu Province, China 215124	USD 7,250,000	Automated machine manufacturing, trading, after-sales service and R&D

3. Business Scope of the Company and Its Affiliated Companies

2020/12/31

Industry	Affiliated Companies name	Affiliated with business operations of Affiliated companies
General investing	Esteem King Limited (Samoa) Evolution Holdings Limited (HK)	Holding company
Manufacturing	Map Plastics Pte. Ltd. (Singapore)	R&D, manufacturing and sales of medical equipment and tooling
Manufacturing	Amould Plastic Technologies (Suzhou) Co., Ltd.	Automated machine manufacturing, trading, after-sales service and R&D

4. Shareholders representing both holding companies and subordinates: None

5. Directors, Supervisors and Presidents of Affiliated Companies

Unit: Thousand shares

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	ratio (%)
Esteem King Limited (Samoa)	Director	Min Aik Precision Industrial Co., Ltd.	17,079	100%
Evolution Holdings Limited (HK)	Director Director	Fang, Kuang-Yi Hsieh, Hsiu-Lan	0 0	- -
Map Plastics Pte. Ltd. (Singapore)	Director Director Director	Chia, Kin-Heng Loy, Chit-See Fang, Kuang-Yi	0 0 0	- - -
Amould Plastic Technologies (Suzhou) Co., Ltd.	Chairman Director Director Supervisor President	Fang, Kuang-Yi Hsieh, Hsiu-Lan Chang, Yu-Hua Hsiao, Chia-Ling Fang, Kuang-Yi	0 0 0 0 0	- - - - -

6. Affiliates' Operating Results

2020/12/31; Unit: NT$ Thousands

Company Name	Paid-in capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Net Income (Loss) (After tax)	EPS (Loss)/NT $ (After tax)
Esteem King Limited (Samoa)	511,481	1,369,774	422,367	947,407	-	(40)	121,488	7.11
Evolution Holdings Limited (HK)	145,103	9,649	67	9,582	-	(142)	(142)	(0.03)
Map Plastic Pte. Ltd. (Singapore)	325,392	1,245,050	422,367	822,683	604,669	130,209	154,225	14.39
Amould Plastic Technologies (Suzhou) Co., Ltd.	213,774	439,189	204,064	235,125	365,609	36,676	42,332	-

(2) Consolidated financial statements of affiliate companies: Please refer to Appendix 1.

(3) Report of affiliated enterprise: None.

8.2 Acts in privately placed securities in categories and names of negotiable securities in the most recent year as of the Annual Report issuance date: None.

8.3 The Company's share certificates being held or disposed of by subsidiaries in the most recent year as of the Annual Report issuance date: None.

8.4 Other necessary supplementary notes: None.

8.5 Occurrence of significant impact upon shareholders' equity or securities prices under Subparagraph 2, Paragraph 3, Article 36 of the Act in the most recent year as of the Annual Report issuance date:

(1) Change in the chairman of the board, general manager, or one-third or more of the directors of the company: On May 15, 2020, the 9th board of directors was elected by the shareholders meeting, which caused the chairman and more than one-third of the directors to change.

【Appendix 1】

Stock Code:4545

MIN AIK PRECISION INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No.2, Guorui Rd., Guanyin Dist., Taoyuan City, Taiwan (R.O.C.)
Telephone: (03)438-9966

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Min Aik Precision Industrial Co., Ltd. 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, Min Aik Precision Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Min Aik Precision Industrial Co., Ltd.
Chairman:
Date: March 17, 2021

安侯建業聯合會計師事務所
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Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
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Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Min Aik Precision Industrial Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Min Aik Precision Industrial Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgement, should be communicated are as follow:

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognized" of the notes to the consolidated financial statements for the accounting policies on revenue recognition.

   Description of key audit matter:

   The Group's automatic equipment would first need to be assembled, tested, and installed, by clients; thereafter, revenue then is recognized. Therefore, the revenue recognition is considered to be one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures on revenue recognition included the testing of internal control system over automatic equipment revenue; inspecting the contracts entered into with the customers; sending confirmation requests to debtors selected from the sales customers. We also assessed the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

2. Inventory Valuation

Please refer to Note 4(h) "Inventory" of the notes to consolidated financial statement for the accounting policies on inventory measurement.

Description of key audit matter:

The Group's inventory are measured at lower of cost and net realized value. The Group's products may be obsolescent or do not meet the market requirement due to new product release or market change. Besides, the automatic products are customized based on specific client's need. Thus, the cost of inventory may exceed its net realizable value. Moreover, the sales ability of products may affect the inventory valuation, which also need to be taken into serious consideration. Therefore, the inventory valuation is considered to be the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the Group's policies of inventory valuation to assess the appropriateness of its inventory valuation; on a sampling basis, testing the Group's inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

Other Matter

Min Aik Precision Industrial Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6 (a))	$ 888,532	28	850,705	29
1170	Notes and accounts receivable, net (note 6(c))	411,812	13	244,703	9
1181	Accounts receivable from related parties (notes 6(c) and 7)	130,784	4	153,766	5
1310	Inventories (note 6(d))	358,492	12	269,755	9
1479	Other current assets (note 7)	29,176	1	59,885	2
		1,818,796	58	1,578,814	54
	Non-current assets:				
1536	Non-current financial assets at amortized cost (notes 6(b) and 8)	4,852	-	91,019	3
1551	Investments accounted for using equity method (note 6(e))	37,016	1	68,521	2
1600	Property, plant and equipment (notes 6(f) and 8)	1,113,511	36	1,074,668	36
1755	Right-of-use assets (note 6(g))	69,398	2	81,956	3
1995	Other non-current assets (notes 6(l) and (m))	87,376	3	57,562	2
		1,312,153	42	1,373,726	46
	Total assets	**$ 3,130,949**	**100**	**2,952,540**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 211,819	7	100,000	3
2170	Accounts payable (include related parties) (note 7)	267,054	9	210,096	7
2201	Salary and wages payable	128,164	4	110,029	4
2230	Current income tax liabilities	32,800	1	29,320	1
2280	Current lease liabilities (note 6(j))	9,188	-	9,514	-
2300	Other current liabilities (note 7)	181,269	6	180,374	6
2322	Long-term borrowings, current portion (note 6(i))	64,000	2	64,000	2
		894,294	29	703,333	23
	Non-Current liabilities:				
2541	Long-term borrowings (notes 6(i) and 8)	418,000	13	432,000	15
2570	Deferred tax liabilities (note 6(l))	58,970	2	35,376	1
2580	Non-current lease liabilities (note 6(j))	58,498	2	69,423	2
		535,468	17	536,799	18
	Total liabilities	1,429,762	46	1,240,132	41
	Equity attributable to owners of parent (note 6(m)):				
3110	Ordinary share	770,000	25	770,000	26
3200	Capital surplus	685,135	22	704,385	24
3310	Legal reserve	232,320	7	230,904	8
3320	Special reserve	67,046	2	61,868	2
3350	Unappropriated retained earnings	32,018	1	15,377	1
3410	Exchange differences on translation of foreign financial statements	(85,332)	(3)	(70,126)	(2)
	Total equity	1,701,187	54	1,712,408	59
	Total liabilities and equity	**$ 3,130,949**	**100**	**2,952,540**	**100**

See accompanying notes to consolidated financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(o) and 7)	$ 1,952,400	102	1,815,242	101
4170	Less: Sales returns and allowances	30,700	2	17,951	1
	Net operating revenue	1,921,700	100	1,797,291	100
5111	Operating costs (notes 6(d), (j), (k), (p), 7 and 12)	1,486,273	77	1,399,042	78
	Gross profit from operations	435,427	23	398,249	22
	Operating expenses (note 6(c), (j), (k), (p), 7 and 12):				
6100	Selling expenses	77,526	4	89,234	5
6200	Administrative expenses	169,848	9	184,824	10
6300	Research and development expenses	72,223	4	78,332	4
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,764	-	(1,921)	-
	Total operating expenses	321,361	17	350,469	19
	Net operating income	114,066	6	47,780	3
	Non-operating income and expenses (notes 6(e), (f), (j), (q) and 7):				
7010	Other income	36,868	2	42,697	2
7020	Other gains and losses, net	(55,218)	(3)	(36,223)	(2)
7050	Finance costs	(13,231)	(1)	(14,099)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	(29,021)	(1)	(38,488)	(2)
		(60,602)	(3)	(46,113)	(3)
7900	**Profit before income tax**	53,464	3	1,667	-
7950	Less: Income tax expenses (income) (note 6(l))	23,477	1	(12,493)	-
	Net profit	29,987	2	14,160	-
8300	**Other comprehensive income (loss):**				
8310	**Item that may not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	948	-	1,217	-
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(15,206)	(1)	(5,179)	-
8300	**Other comprehensive income (loss), net of income tax**	(14,258)	(1)	(3,962)	-
	Total comprehensive income (loss)	**$ 15,729**	**1**	**10,198**	
	Net profit, attributable to:				
	Owners of parent	**$ 29,987**	**2**	**14,160**	**-**
	Total comprehensive income (loss) attributable to:				
	Owners of parent	**$ 15,729**	**1**	**10,198**	**-**
9750	**Basic earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		**0.18**
9850	**Diluted earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		

See accompanying notes to consolidated financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
	Share capital		Retained earnings			Other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2019	$ 770,000	731,335	284,874	61,868	(53,970)	(64,947)	1,729,160	1,729,160
Profit	-	-	-	-	14,160	-	14,160	14,160
Other comprehensive income (loss)	-	-	-	-	1,217	(5,179)	(3,962)	(3,962)
Total comprehensive income (loss)	-	-	-	-	15,377	(5,179)	10,198	10,198
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	-	(53,970)	-	53,970	-	-	-
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)	(26,950)
Balance at December 31, 2019	770,000	704,385	230,904	61,868	15,377	(70,126)	1,712,408	1,712,408
Profit	-	-	-	-	29,987	-	29,987	29,987
Other comprehensive income (loss)	-	-	-	-	948	(15,206)	(14,258)	(14,258)
Total comprehensive income (loss)	-	-	-	-	30,935	(15,206)	15,729	15,729
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	1,416	-	(1,416)	-	-	-
Special reserve appropriated	-	-	-	5,178	(5,178)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(7,700)	-	(7,700)	(7,700)
Cash dividends from capital surplus	-	(19,250)	-	-	-	-	(19,250)	(19,250)
Balance at December 31, 2020	**$ 770,000**	**685,135**	**232,320**	**67,046**	**32,018**	**(85,332)**	**1,701,187**	**1,701,187**

See accompanying notes to consolidated financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
Profit before income tax	$	53,464	1,667
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		107,261	121,932
Expected credit loss (gain)		1,764	(1,921)
Interest expense		13,231	14,099
Interest income		(4,489)	(4,337)
Share of loss of associates and joint ventures accounted for using equity method		29,021	38,488
Loss (profit) on disposal of property, plant and equipment		327	(175)
Property, plant and equipment transferred to expenses		303	2,173
Impairment loss on non-financial assets		961	1,185
Total adjustments to reconcile profit (loss)		148,379	171,444
Changes in operating assets and liabilities:			
Changes in operating assets:			
Accounts receivable		(145,891)	167,760
Inventories		(110,917)	(8,067)
Other current assets		4,829	(5,429)
Other operating assets		(737)	(1,950)
Total changes in operating assets		(252,716)	152,314
Changes in operating liabilities:			
Accounts payable		56,958	(14,756)
Other current liabilities		10,347	(73,481)
Total changes in operating liabilities		67,305	(88,237)
Total changes in operating assets and liabilities		(185,411)	64,077
Total adjustments		(37,032)	235,521
Cash inflow generated from operations		16,432	237,188
Interest received		4,469	4,337
Interest paid		(13,485)	(14,783)
Income taxes received (paid)		8,423	(26,855)
Net cash flows from operating activities		15,839	199,887
Cash flows from (used in) investing activities:			
Acquisition of financial assets at amortized cost		-	(91,019)
Proceeds from disposal of financial assets at amortized cost		86,167	-
Acquisition of property, plant and equipment		(122,402)	(70,649)
Proceeds from disposal of property, plant and equipment		48	155
Decrease in refundable deposits and others		5,158	360
Net cash flows used in investing activities		(31,029)	(161,153)
Cash flows from (used in) financing activities:			
Increase in short-term borrowing		402,819	-
Decrease in short-term borrowing		(291,000)	(85,864)
Increase in long-term borrowing		50,000	-
Repayments of long-term borrowing		(64,000)	(64,000)
Payment of lease liabilities		(9,652)	(12,007)
Cash dividends paid		(26,950)	(26,950)
Net cash flows from (used in) financing activities		61,217	(188,821)
Effect of exchange rate changes on cash and cash equivalents		(8,200)	143
Net increase (decrease) in cash and cash equivalents		37,827	(149,944)
Cash and cash equivalents at beginning of period		850,705	1,000,649
Cash and cash equivalents at end of period	$	**888,532**	**850,705**

See accompanying notes to consolidated financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Precision Industrial Co., Ltd. (the "Company"). was incorporated on January 18, 2001, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company's shares were listed on the Taiwan Stock Exchange (TWSE) on January 6, 2016. The address of its registered office is No. 2, Guorui Rd., Guanyin Dist., Taoyuan City. The Group mainly engages in the processing and manufacturing of electroplating of aluminum and copper products, precision stamping components and electroless nickel plating.

The Company's subsidiaries mainly engage in the design, manufacture, sale, and after-sales service of medical injection, molding and automatic machines.

The consolidated financial statements comprise The Group and subsidiaries (together referred to as the "Group" and individually as "Group entities") and the right to the Group's associates.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”	The amendments clarify that the ‘ costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Percentage of Ownership (%)	
Name of investor	**Name of subsidiary**	**Main Activities and Location**	**December 31, 2020**	**December 31, 2019**
The Company	Esteem King	Holding Company	100 %	100 %
The Company	Evolution	Holding Company	100 %	100 %
Esteem King	MAPP	Design, Manufacture and Sale of tooling and medical injection molding	100 %	100 %
MAPP	AMOULD PLASTIC TECHNOLOGIES (SUZHOU) CO., LTD (AMO)	Design, Manufacture and Sale of automatic machines	100 %	100 %

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents is short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· Significant financial difficulty of the borrower or issuer;

· A breach of contract such as a default or being more than 120 days past due;

(Continued)

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group' s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 50~56 years

2) Building facilities: 3~5 years

3) Machinery and equipment: 2~10 years

4) Office and other equipment：2~15 years

5) Leasehold improvement：2~10 years

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - The customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - The customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(Continued)

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— Fixed payments, including in-substance fixed payments;

— Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— Amounts expected to be payable under a residual value guarantee; and

— Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— There is a change in future lease payments arising from the change in an index or rate; or

— There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— There is change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— There is a change of its assessment on whether it will exercise an extension or termination option; or

— There is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and the assets arising on employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Site restoration

In accordance with the leases agreement , the Group's has the obligation to restore the leased facilities and the office. The provision is measured by the discounted present value of restoration cost at the termination of agreement, and related expense are recognized during contract period.

(n) Revenue recognized

(i) Revenue from contracts with customers policy

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

The Group manufactures and sells electronic, plastic components and automated machines. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group offers standard warranty with the automatic machines for months to one year to its clients. Therefore, the Group's obligation to provide a refund for faulty automatic machines under the standard warranty terms is recognized as a provision of warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the group and employees reach a consensus in the subscription price and number of shares.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per Share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. Such as employee bonuses not yet resolved by the shareholders.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(t) Government grants

The Group recognizes an unconditional government in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments made in applying accounting policies that have any significant effects on the amounts recognized in the consolidated financial statements.

Information about accounting assumptions and estimation uncertainties that have not a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year COVID-19 pandemic has not a significant influence on the Group.

The Group's accounting policies include measuring financial and nonfinancial assets and liabilities at fair value through profit or loss. The Group' s financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(r) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash, petty cash, check and demand deposits	$ 522,812	643,652
Time deposits	365,720	207,053
Cash and cash equivalents in the consolidated statement of cash flows	**$ 888,532**	**850,705**

Please refer to note 6(r) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Non-current financial assets at amortized cost

	December 31, 2020	December 31, 2019
Restricted bank deposits	**$ 4,852**	**91,019**

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On December 5, 2019, the Group applied to IRS for the application of " The Management , Utilization and Taxation of Repatriated Offshore Funds Act" .The application had been approved and the dividend had been remitted back to the parent subsequently. According to the Act, the funds need to be deposited in a special-purpose account for five years and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for the project investment plan approved by the Ministry of Economic Affairs. Otherwise, the funds can only be redeemed within 3 consecutive year on average after five years maturity. The Group has applied to the Ministry of Economic Affairs for substantial investments and has obtained approval, that were expected to be used for plant expansion and capital expenditure.

Please refer to note 6(r) for credit risk.

(c) Notes and accounts receivable (include related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 1	264
Accounts receivable	416,165	246,991
Accounts receivable-related parties	130,784	153,766
Less: Loss allowance	(4,354)	(2,552)
	$ 542,596	**398,469**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision for notes and accounts receivables was determined as follows:

	December 31, 2020		
Notes and Accounts Receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 361,077	1%	3,716
Past due(days):			
0 to 60	53,611	1%	536
61 to 120	1,288	5%	64
121 to 180	190	20%	38
	$ 416,166		**4,354**

	December 31, 2020		
Accounts Receivable -related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	**$ 130,784**	0%	**-**

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	December 31, 2019		
Notes and Accounts Receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 201,345	1%	2,054
Past due(days):			
0 to 60	44,927	1%	449
61 to 120	983	5%	49
	$ 247,255		**2,552**

	December 31, 2019		
Notes and Accounts Receivable -related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 153,766	0%	-

The movement in the allowance for notes and accounts receivable was as follows:

	2020	**2019**
Balance on January 1, 2020 and 2019	$ 2,552	4,504
Impairment losses recognized (Gain on reversal of impairment loss)	1,764	(1,921)
Foreign exchange losses (gains)	38	(31)
Balance on December 31, 2020 and 2019	**$ 4,354**	**2,552**

As of December 31, 2020 and 2019, the Group did not provide any notes and accounts receivable as collateral for its loans.

Please refer to note 6(r) for other credit risk.

(d) Inventory

	December 31, 2020	**December 31, 2019**
Raw materials and consumables	$ 63,653	50,217
Work in progress	107,610	62,551
Finished goods	187,229	156,987
	$ 358,492	**269,755**

The details of the cost of sales was as follows:

	2020	2019
Inventory that has been sold	$ 1,397,524	1,302,831
Write-down of inventories	24,182	26,328
Abnormal amounts of production costs of inventories	31,436	52,303
Product warranty costs	30,413	15,470
Inventory profit or losses and others	2,718	2,110
	$ 1,486,273	1,399,042

As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

(e) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights December 31, 2020	December 31, 2019
MATC Technology(M) Sdn. Bhd.	Production of hardware components	Malaysia	20.00 %	20.00 %

The following consolidated financial information of significant affiliates has been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	$ 37,016	68,521

	2020	2019
Attributable to the Group:		
Loss from continuing operations	$ (29,021)	(38,488)
Other comprehensive income (loss)	(2,484)	(982)
Comprehensive income (loss)	$ (31,505)	(39,470)

As of December 31, 2020 and 2019, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

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(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group, were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other facilities	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2020	$ 596,362	295,079	855,128	500,369	6,497	2,253,435
Additions	-	26,315	53,436	32,243	23,202	135,196
Disposal	-	-	(3,793)	(3,346)	-	(7,139)
Transfer	-	691	2,218	1,377	(4,589)	(303)
Effect of movements in exchange rates	-	(4,549)	(5,815)	(4,356)	(619)	(15,339)
Balance on December 31, 2020	**$ 596,362**	**317,536**	**901,174**	**526,287**	**24,491**	**2,365,850**
Balance on January 1, 2019	$ 596,362	296,342	811,001	484,757	9,886	2,198,348
Additions	-	-	47,184	21,292	15,827	84,303
Disposal	-	-	(15,353)	(3,501)	-	(18,854)
Transfer	-	-	15,178	1,845	(19,196)	(2,173)
Effect of movements in exchange rates	-	(1,263)	(2,882)	(4,024)	(20)	(8,189)
Balance on December 31, 2019	**$ 596,362**	**295,079**	**855,128**	**500,369**	**6,497**	**2,253,435**
Depreciation and impairments loss:						
Balance on January 1, 2020	$ -	70,433	700,666	407,668	-	1,178,767
Depreciation	-	6,344	51,257	32,333	-	89,934
Disposal	-	-	(3,617)	(3,123)	-	(6,740)
Impairment loss	-	-	961	-	-	961
Effect of movements in exchange rates	-	(1,911)	(4,633)	(4,039)	-	(10,583)
Balance on December 31, 2020	**$ -**	**74,866**	**744,634**	**432,839**	**-**	**1,252,339**
Balance on January 1, 2019	$ -	64,547	658,255	377,404	-	1,100,206
Depreciation	-	6,442	58,608	36,707	-	101,757
Disposal	-	-	(15,353)	(3,501)	-	(18,854)
Impairment loss	-	-	1,185	-	-	1,185
Effect of movements in exchange rates	-	(556)	(2,029)	(2,942)	-	(5,527)
Balance on December 31, 2019	**$ -**	**70,433**	**700,666**	**407,668**	**-**	**1,178,767**
Carrying amounts:						
Balance on December 31, 2020	**$ 596,362**	**242,670**	**156,540**	**93,448**	**24,491**	**1,113,511**
Balance on December 31, 2019	**$ 596,362**	**224,646**	**154,462**	**92,701**	**6,497**	**1,074,668**
Balance on January 1, 2019	**$ 596,362**	**231,795**	**152,746**	**107,353**	**9,886**	**1,098,142**

In 2020 and 2019, the Group concluded that some of the machinery and equipment are in a long-term idle. Therefore, the Group recognized impairment loss amounting to $961 thousand and $1,185 thousand, which report as non-operating expense, respectively.

As of December 31, 2020 and 2019, for the Group pledged property, plant and equipment as collateral for long-term borrowings, please refer to Note 8.

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(g) Right-of-use assets

The Group leases many assets including land, buildings and structures, and other equipment. Information about leases for which the Group as a lessee is presented below:

		Land	Buildings and structures	Office and other facilities	Total
Cost:					
Balance at January 1, 2020	$	62,130	27,950	4,201	94,281
Additions		-	875	2	877
Disposal		-	(1,519)	(1,757)	(3,276)
Exchange on movements exchange rates		(2,008)	377	(35)	(1,666)
Balance at December 31, 2020	$	**60,122**	**27,683**	**2,411**	**90,216**
Balance at January 1, 2019	$	63,441	29,732	4,895	98,068
Additions		-	16	708	724
Disposal		-	-	(1,295)	(1,295)
Exchange on movements exchange rates		(1,311)	(1,798)	(107)	(3,216)
Balance at December 31, 2019	$	**62,130**	**27,950**	**4,201**	**94,281**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	$	1,829	8,608	1,888	12,325
Depreciation for the year		1,760	8,125	1,341	11,226
Disposals		-	(1,176)	(1,757)	(2,933)
Exchange on movements exchange rates		(48)	249	(1)	200
Balance at December 31, 2020	$	**3,541**	**15,806**	**1,471**	**20,818**
Balance at January 1, 2019	$	-	-	-	-
Depreciation for the year		1,861	8,932	2,834	13,627
Disposals		-	-	(908)	(908)
Exchange on movements exchange rates		(32)	(324)	(38)	(394)
Balance at December 31, 2019	$	**1,829**	**8,608**	**1,888**	**12,325**
Carrying amount:					
Balance at December 31, 2020	$	**56,581**	**11,877**	**940**	**69,398**
Balance at December 31, 2019	$	**60,301**	**19,342**	**2,313**	**81,956**
Balance at January 1, 2019	$	**63,441**	**29,732**	**4,895**	**98,068**

(h) Short-term borrowings

The details were summarized as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	**$ 211,819**	**100,000**
Range of interest rates	**0.94%~5.02%**	**1%**

(Continued)

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(i) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 100,000	50,000
Secured bank loans	382,000	446,000
Less: current portion	(64,000)	(64,000)
Total	**$ 418,000**	**432,000**
Range of interest rates	**0.90%~1.330%**	**1.18%~1.518%**

For the collateral for long-term borrowings, please refer to note 8.

(j) Lease liabilities

The details were as follows:

	December 31, 2020	December 31, 2019
Current	**$ 9,188**	**9,514**
Non-current	**$ 58,498**	**69,423**

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	**$ 4,044**	**4,122**
Expenses relating to short-term leases	**$ 10,495**	**7,087**

For the maturity analysis, please refer to note 6(r).

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	**$ 24,191**	**23,216**

(i) Real estate and buildings leases

The Group leases land and buildings for its offices and factories. The leases of offices typically run for a period of 2 to 5 years, and about 50 years for land. Some leases contain extension options exercisable up to the same period as original contracts before the end of the contract period.

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(ii) Other leases

The Group leases staff dormitories, transportation equipment, and office facilities with lease terms of 2 to 5 years. Some lease contracts stipulate that upon the expiration of the lease period, which can extend to the same period as original contracts.

These are short-term lease the Group leases staff dormitories and some leases, with lease terms within one year. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Employee benefit

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ (26,351)	(25,495)
Fair value of plan assets	50,772	48,231
Net defined benefit assets	**$ 24,421**	**22,736**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $50,772 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		2020	2019
Defined benefit obligations at January 1	$	25,495	26,118
Current service costs and interest cost (income)		253	(681)
Remeasurements loss (gain):			
－Return on plan assets excluding interest income		(292)	(1,050)
Actuarial loss (gain) arising from:			
－demographic assumptions		149	229
－financial assumptions		746	1,144
Benefits planned to be paid		-	(265)
Defined benefit obligations at December 31	**$**	**26,351**	**25,495**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2020	2019
Fair value of plan assets at January 1	$	48,231	45,687
Interest income		389	519
Remeasurements loss (gain):			
－Return on plan assets excluding interest income		1,551	1,540
Benefits paid		601	750
Benefits planned has been paid		-	(265)
Fair value of plan assets at December 31	**$**	**50,772**	**48,231**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2020	2019
Current service costs	$	49	(975)
Net interest of net liabilities (assets) for defined benefit obligations		(185)	(225)
	$	**(136)**	**(1,200)**
Operating expense	**$**	**(136)**	**(1,200)**

(Continued)

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2020.12.31	2019.12.31
Discount rate	0.350 %	0.800 %
Future salary increase rate	2.875 %	3.125 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $601 thousands.

The weighted average lifetime of the defined benefits plans is 10 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
Original actuarial assumptions	**Increased 0.5%**	**Decreased 0.5%**
December 31, 2020		
Discount rate 0.350%	834	(879)
Future salary increasing rate 2.875%	(830)	796
December 31, 2019		
Discount rate 0.800%	877	(927)
Future salary increasing rate 3.125%	(876)	839

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $25,990 thousands and $39,417 thousands for the years ended December 31, 2020 and 2019, respectively.

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(l) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

		2020	2019
Current tax	$	20,958	31,343
Deferred tax		2,519	(43,836)
Income tax expense (income)	**$**	**23,477**	**(12,493)**

(ii) The amount of income tax recognized directly in equity or other comprehensive income for 2020 and 2019 were both 0.

(iii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows :

		2020	2019
Profit excluding income tax	$	53,464	1,667
Income tax using the Company's domestic tax rate		42,692	(2,086)
Tax incentive		-	(11,892)
Change in provision in prior periods		(8,320)	(1,148)
Change in unrecognized temporary differences and others		(10,895)	2,633
	$	**23,477**	**(12,493)**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. In 2020 and 2019, the unrecognized deferred tax liabilities amount were both $26,090 thousand.

2) Unrecognized deferred tax assets

		December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	$	23,508	22,883
The carry forward of unused tax losses		16,660	20,301
	$	**40,168**	**43,184**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five to ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2020, the information of the Group's tax losses are as follows, and the Group's unused tax losses for which no deferred tax assets recognized were $100,316 thousand.

Company name	Year o loss	Unused tax loss	Expiry date
The Company	2017 (Approved)	$ 11,205	2027
The Company	2018 (Approved)	68,134	2028
The Company	2019 (Filed)	19,138	2029
The Company	2020 (Estimation)	84,144	2030
AMO	2018 (Approved)	2,400	2028
AMO	2019 (Approved)	65,663	2029

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Unrealized exchange gain	Income from equity investments under the equity method	Fiscal and tax difference from Depreciation	Total
Deferred Tax Liabilities:				
Balance at January 1, 2020	$ 341	18,285	16,750	35,376
Recognized in profit or loss	(341)	24,269	(334)	23,594
Balance at December 31, 2020	**$ -**	**42,554**	**16,416**	**58,970**
Balance at January 1, 2019	$ 1,439	50,601	17,352	69,392
Recognized in profit or loss	(1,098)	(32,316)	(602)	(34,016)
Balance at December 31, 2019	**$ 341**	**18,285**	**16,750**	**35,376**

	Unrealized exchange loss	Allowance to reduce inventory	Unused tax losses carry forwards	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2020	$ (2,298)	(3,753)	(9,203)	(4,780)	(20,034)
Recognized in profit or loss	1,534	(1,247)	(20,870)	(492)	(21,075)
Balance at December 31, 2020	**$ (764)**	**(5,000)**	**(30,073)**	**(5,272)**	**(41,109)**
Balance at January 1, 2019	-	(8,910)	-	(1,304)	(10,214)
Recognized in profit or loss	(2,298)	5,157	(9,203)	(3,476)	(9,820)
Balance at December 31, 2019	**$ (2,298)**	**(3,753)**	**(9,203)**	**(4,780)**	**(20,034)**

(v) Examination and Approval

The Company's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

(Continued)

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(m) Capital and other equity

For the years ended December 31, 2020 and 2019, the authorized capital of the Company consisted of both $1,000,000 thousand shares, with par value of $10 per share, and its outstanding capital consisted of both $770,000 thousand common shares of stock.

(i) Capital surplus

The balances of capital surplus were as follows:

		December 31, 2020	December 31, 2019
Issued share premium	$	634,849	654,099
Adjustment of re-segmentation		42,439	42,439
Employee share options		7,847	7,847
	$	**685,135**	**704,385**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

In according to the company shareholder’s meeting held on May 15, 2020 and June 13, 2019, approved to distribute the cash dividend of $19,250 thousand and $26,950 thousand, representing 0.25 and 0.35 New Taiwan dollars per share by using the issued share premium.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

In consideration of the shareholder’ s long-term benefit and stable operation, the Company adopts a stable dividends policy. Therefore, cash dividends should not be less than 30% of aggregate dividends

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2019 was decided via the general meeting of shareholders held on May 15, 2020. The relevant dividend distributions to shareholders were as follows. The Company has accumulated deficits, so no earnings distribution in 2018.

	2019	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.1	7,700

Earnings distributions for 2019 that decided by the general meeting of shareholders were not different from the resolution of board meeting. Related information would be available at the Market Observation Post System website.

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2020 and 2019, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	2020	**2019**
Basic earnings per share		
Profit attributable to ordinary shareholders of the company	$ 29,987	14,160
Weighted-average number of ordinary shares (thousand shares)	77,000	77,000
Basic earnings per share	$ 0.39	0.18

(Continued)

(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2020 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, calculated as follows. The Group does not have any dilutive potential ordinary shares in 2019. Thus, only basic earnings per share is disclosed.

		2020
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	$	**29,987**
Weighted-average number of ordinary shares (diluted) (thousand shares)		**77,110**
Basic earnings per share	$	**0.39**

Weighted-average number of ordinary shares (diluted) (thousand shares):

	2020
Weighted-average number of ordinary shares (basic) (thousand shares)	77,000
Effect of dilutive potential ordinary shares:	
Effect of employee share bonus	110
Weighted average number of ordinary shares (diluted) (thousand shares)	**77,110**

(o) Revenue from contracts with customers

(i) Details of revenue

		2020	2019
Primary geographical markets			
Singapore	$	499,609	519,373
Malaysia		390,373	431,037
China		274,257	187,833
Taiwan		255,747	243,639
America		225,420	170,373
Thailand		165,181	131,514
Others		111,113	113,522
	$	**1,921,700**	**1,797,291**

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		2020	2019
Major products			
Hard disk drive stamping components	$	729,628	728,167
Plastic injection		513,484	515,056
Automatic machines		303,425	201,190
Other electronic stamping components		214,875	164,307
Others		160,288	188,571
	$	**1,921,700**	**1,797,291**

(ii) Contract balances

		December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	$	546,950	401,021	568,812
Less: allowance for impairment		(4,354)	(2,552)	(4,504)
Total	$	**542,596**	**398,469**	**564,308**

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute between 3%~9% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020, the Company estimated its employee remuneration, directors' and supervisors' remuneration amounting to $3,303 thousand and $367 thousand. The Company did not estimate employee remuneration and directors’ and supervisors’ remuneration due to loss before income tax for the year ended December 31, 2019. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020. Related information would be available at the Market Observation Post System website.

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(q) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	2020	2019
Interest income	$ 4,489	4,337
Rent income	3,172	3,052
Other income	29,207	35,308
	$ 36,868	**42,697**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	2020	2019
Foreign exchange losses	$ (53,346)	(22,745)
Loss on non-financial assets impairment	(961)	(1,185)
Gains (Losses) on disposals of property, plant and equipment	(327)	175
Others	(584)	(12,468)
	$ (55,218)	**(36,223)**

(r) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group’ s accounts receivable.

1) Credit risk exposure

As at reporting date, the carrying amount of financial assets represents the maximum amount exposed to credit risk. For the year end in 2020 and 2019, the maximum amount was $1,441,622 thousand and $1,344,771 thousand, respectively. Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

2) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of, December 31, 2020 and 2019, 68% and 75%, respectively, of the Group's accounts receivable were concentrated on top five sales clients.

3) For the details of the accounts receivable aging and loss allowance, please refer to note 6 (c).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 years	1-2 years	2-5 years	Over 5 years
December 31, 2020						
Non derivative financial liabilities						
Bank loans	$ 693,819	711,460	282,269	168,058	198,628	62,505
Accounts payable (including related parties)	267,054	267,054	267,054	-	-	-
Lease liabilities	67,686	131,909	12,765	4,046	11,724	103,374
Other financial liabilities	264,033	264,033	264,033	-	-	-
	$ 1,292,592	**1,374,456**	**826,121**	**172,104**	**210,352**	**165,879**
December 31, 2019						
Non derivative financial liabilities						
Bank loans	$ 596,000	621,310	172,435	119,273	201,875	127,727
Accounts payable (including related parties)	210,096	210,096	210,096	-	-	-
Lease liabilities	78,937	149,433	13,668	12,650	12,328	110,787
Other financial liabilities	253,727	253,727	253,727	-	-	-
	$ 1,138,760	**1,234,566**	**649,926**	**131,923**	**214,203**	**238,514**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 21,686	28.48	617,629	24,983	29.980	748,981
Financial liabilities						
Monetary items						
USD	1,118	28.48	31,852	829	29.980	24,850

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, and trade payables that are denominated in foreign currency.

A weakening or strengthening of 1% of the NTD against the Foreign currency as of 31 December, 2020 and 2019 would have decreased or increased the net profit (loss) before tax by $5,858 thousand and $7,241 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2019.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $53,346 thousand and $22,745 thousand, respectively.

4) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases a quarter-point when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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If the interest rate had increased or decreased by a quarter-point, the Group's net income before tax would have increased or decreased by $113 thousands and $596 thousands for the year ended 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the Group's financial liabilities and bank deposits in variable-rate bills.

The Group's fixed-interest-rate financial assets and liabilities are measured at amortized cost. The changes in market rate do not affect the Group's profit or loss on the reporting date. Therefore, the Group does not disclose the sensitivity analysis of the changes in fair value.

(iv) Fair value of financial instruments

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 888,532				
Notes and accounts receivable	411,812				
Accounts receivables – related party	130,784				
Other financial assets	10,494				
Subtotal	**$ 1,441,622**				
Financial liabilities measured at amortized cost					
Long term and short term borrowings	$ 693,819				
Accounts payable (including related parties)	267,054				
Lease liabilities	67,686				
Other financial liabilities	264,033				
Subtotal	**$ 1,292,592**				

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	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 850,705				
Accounts receivable	244,703				
Accounts receivables – related party	153,766				
Other financial assets	95,597				
Subtotal	**$ 1,344,771**				
Financial liabilities measured at amortized cost					
Long term and short term borrowings	$ 596,000				
Accounts payable (including related parties)	210,096				
Lease liabilities	78,937				
Other financial liabilities	253,727				
Subtotal	**$ 1,138,760**				

1) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as corporate stock, beneficiary certificate etc., its fair value depends on the market quotation.

- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

2) There was no transfer between each fair value levels in 2020 and 2019.

(s) Financial risk management

(i) Structure of risk management

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to note 6(r).

(t) Capital management

The Group’s capital management policy is to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months. And also consider the debt ratio to maintain investor, creditor and market confidence and to sustain future development of the business. The Group’s capital management strategy is consistent with the prior year, and the debt ratio is 46% and 41% at December 31, 2020 and 2019.

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(u) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) Obtain right-of assets by lease, please refer to notes 6(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Foreign exchange movement	December 31, 2020
Long-term borrowings	$ 496,000	(14,000)	-	482,000
Short-term borrowings	100,000	111,819	-	211,819
Lease liabilities	78,937	(9,652)	(1,599)	67,686
Total liabilities from financing activities	**$ 674,937**	**88,167**	**(1,599)**	**761,505**

	January 1, 2019	Cash flows	Foreign exchange movement	December 31, 2019
Long-term borrowings	$ 560,000	(64,000)	-	496,000
Short-term borrowings	184,600	(85,864)	1,264	100,000
Lease liabilities	93,006	(12,007)	(2,062)	78,937
Total liabilities from financing activities	**$ 837,606**	**(161,871)**	**(798)**	**674,937**

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Min Aik Technology Co., Ltd (MAT)	The entity with significant influence over the Group
Min Aik Technology (M) Sdn. Bhd. (MAM)	Other related party (MAT's subsidiary)
MATC Technology (M) Sdn. Bhd. (MATC)	〃
Min Aik Technology (SuZhou) Co., Ltd. (MAY)	〃
Min Aik Automation (SuZhou) Co., Ltd. (MAA)	〃
key management personnel	The Group’s major management personnel

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(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and uncollected receivables by the Group to related parties were as follows:

	Sales		Related parties receivables	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
The entity with significant influence over the Group:				
MAT	$ 156,410	143,450	62,411	69,989
Other related parties:				
MAM	307,758	338,339	68,369	83,777
Others	329	24	4	-
	$ 464,497	**481,813**	**130,784**	**153,766**

The payment term of the Group’s sales to related parties is O/A 75~120 days and which term may be changed depend on the Group’ s operation. The payment terms to non-related parties was normally about two to three months. The selling price to related parties was referred to the market price and negotiated by both parties.

(ii) Purchases

	Purchases		Related parties receivables	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
The entity with significant influence over the Group	$ 674	199	285	-
Other related parties:				
MAA	32,860	-	16,585	-
MAY	36,118	54,535	-	7,672
Others	-	4,608	2,164	2,278
	$ 69,652	**59,342**	**19,034**	**9,950**

1) The payment term of purchases from related parties was O/A 30~120 days, and which term may be changed depend on the Group’ s operation. The purchase price from related parties was referred to the market price and negotiated by both parties

2) As of December 31, 2020 and 2019, the prepayment for material to other related parties were USD$126 thousands and USD$167 thousands, respectively.

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(iii) Accepting service and payable amounts to Related Parties

	Transaction amount		Other accounts payable – related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
The entity with significant influence over the Group	$ 3,864	2,644	1,657	1,267
Other related parties	2,396	2,750	2	356
	$ 6,260	**5,394**	**1,659**	**1,623**

(iv) Rendering of services and receivable amounts from Related Parties

	Transaction amount		Other accounts receivable – related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Other related parties	**$ 1,800**	**2,124**	**182**	**331**

(c) Key management personnel compensation

	2020	**2019**
Short-term employee benefits	$ 12,239	15,894
Post-employment benefits	210	290
	$ 12,449	**16,184**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2020**	**December 31, 2019**
Land and buildings	Long-term borrowings	$ 672,418	674,593
Non-current financial assets	Bank deposits for restricted purpose, due to offshore funds repatriated (tax preference)	4,852	91,019
		$ 677,270	**765,612**

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(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitments are as follows:

		December 31, 2020	December 31, 2019
Purchase commitment	$	37,265	61,815
Acquisition of property, plant and equipment	$	64,377	69,868

(b) The guarantee notes issued by the Group for obtaining the bank loan amount and the guarantees provided to the bank for the financing demand are as follows:

		December 31, 2020	December 31, 2019
Issued guarantee notes	$	965,680	989,680
Endorsements and guarantees	$	135,739	119,920

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	368,029	149,046	517,075	367,813	176,996	544,809
Labor and health insurance	26,427	11,816	38,243	28,268	14,109	42,377
Pension	17,858	7,996	25,854	23,445	14,772	38,217
Others	31,715	6,748	38,463	34,744	8,725	43,469
Depreciation	74,184	26,976	101,160	84,259	31,125	115,384
Amortization	6,101	-	6,101	6,548	-	6,548

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2020:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Esteem King	(2)	1,701,187	121,000	113,920	-	-	6.70 %	1,701,187	Yes	No	No
0	The Company	Amould(SUZHOU)	(2)	1,701,187	21,884	21,819	21,819	-	1.28 %	1,701,187	Yes	No	Yes

Note 1: Relationship with guarantor:

1. Ordinary business relationship.
2. The Company directly or indirectly owned more than 50% of the subsidiary shares.
3. The counter-party directly or indirectly owned more than 50% of the Company's shares.
4. The Company directly or indirectly owned 90% or more than 90% of subsidiaries' shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The amount of the guarantee provided by the Company to any individual entity shall not exceed 10% of the Company's net worth. The subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed the Company's net worth.

Note 3: The total amount of endorsements/guarantees may not exceed the Company's net worth.

Note 4: If highest balance of financing to other parties during the period was foreign currencies which were translated to New Taiwan Dollars by the highest exchange rate for current year. If ending balance and actual usage amount during the period were foreign currencies which were translated to New Taiwan Dollars by the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The company	Min Aik Technology (M) Sdn. Bhd. (MAM)	The entity with Significant influence over the Group	(Sale)	307,758	(32) %	Note 1	-	-	68,369	26%	
The company	Min Aik Technology Co., Ltd. (MAT)	〃	(Sale)	156,410	(16) %	Note 1	-	-	62,411	23%	

Note 1：Payment term is 75~120 days; any further adjustment on the term will have to be agreed by both parties.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions (only disclose transactions with amounts exceeding NT$10,000 thousands): None

(b) Information on investees:

The following is the information on investees for the years 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (loss) of investee	Share of profits /losses of investee	Highest Percentage of ownership	Highest Percentage of ownership	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value					
The company	Esteem King	Samoa	Investment holding	511,481	511,481	17,079	100.00 %	947,407	121,488	121,488	17,079	100.00 %	Note 1
The company	Evolution	Hong Kong	Investment holding	145,103	145,103	4,600	100.00 %	9,582	(142)	(142)	4,600	100.00 %	Note 1
Esteem King	MATC	Malaysia	Manufacture and selling hard disk components	127,726	127,726	10,527	20.00 %	37,016	(145,104)	(29,021)	10,527	20.00 %	
Esteem King	MAPP	Singapore	Manufacture and sale medical injection molding	323,449	323,449	10,714	100.00 %	822,683	154,225	154,225	10,714	100.00 %	Note 1

Note 1: The aforementioned investments have been eliminated from the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Highest balance during the year	
					Outflow	Inflow							Shares/ Units (thousands)	percentage of ownership
AMOULD(SUZHOU)	Design and manufacture automatic machines	213,774	Note1	141,923	-	-	141,923	42,332	100%	42,332	235,125	-	-	100%

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
269,999	269,999	1,020,712

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: The Group invests subsidiaries which is via MAPP.

Note 2: Financial statements, which base on the audited and attested by R.O.C. parent Company's CPA.

Note 3: The Company invested in Dongguan Yi Hong Precision Industrial Co., LTD. (YHP) with USD 4,400 thousand indirectly. The Company completed the liquidation procedure of YHP and got payment of USD 265 thousand in December, 2019. The cancellation was approved by the Ministry of Economic Affairs on January 20, 2020 by the letter No. 10800412250.

Note 4: The transactions were eliminated in the preparation of consolidated financial statements.

(iii) Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions"

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
MIN AIK TECHNOLOGY CO., LTD	27,876,910	36.20 %
BEACON INVESTMENT LIMITED (MALAYSIA)	25,195,763	32.72 %

(14) Segment information:

(a) General information

For the purpose of resource allocation and performance measurement, the Group classified operating segment based on its business types, and supervised and managed the divisions' performance by the Group's decision-maker. The Group has three reportable segments: the Company, MAPP and AMO. The Company engages mainly in the development, design and manufacture of precise components. MAPP engages mainly in the development and manufacture of medical plastic injection and molding. AMO engages mainly in development, manufacture and selling of automatic machines. Since the divisions offer different products and use different sales strategy, the Group managed them separately. Please refer to Note 6(o) for geographic information of operating segment.

The Group measures segment's profit or loss based on their operating income and use them as the basis for performance evaluation. The accounting policies of operating segments are identical to Note 4 "summary of significant accounting policies". The Group's operating segment information and reconciliation are as follows:

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2020					
	The Company	MAPP	Amould Suzhou	Other segment	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	$ 957,882	604,669	359,149	-	-	1,921,700
Intersegment revenues	-	-	6,460	-	(6,460)	-
Total revenue	$ **957,882**	**604,669**	**365,609**	**-**	**(6,460)**	**1,921,700**
Reportable segment profit or loss	$ **(53,097)**	**130,209**	**36,676**	**(182)**	**460**	**114,066**

	2019					
	The Company	MAPP	Amould Suzhou	Other segment	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	$ 903,555	627,327	266,409	-	-	1,797,291
Intersegment revenues	-	-	19,015	-	(19,015)	-
Total revenue	$ **903,555**	**627,327**	**285,424**	**-**	**(19,015)**	**1,797,291**
Reportable segment profit or loss	$ **(14,598)**	**134,431**	**(73,140)**	**(472)**	**1,559**	**47,780**

(b) Corporate information

(i) Product information: Please refer to note 6(o).

(ii) Geographic information: Please refer to note 6(o).

(iii) Major customers

For the years ended 2020 and 2019, the amounts of Sales to clients representing 10% of net operating revenue were as follows:

	2020	
Customer	**Amount**	**%**
Min Aik Technology Co., Ltd. Group	$ 464,497	24
J Company	300,448	16
S Company	252,325	13
	$ **1,017,270**	**53**

	2019	
Customer	**Amount**	**%**
Min Aik Technology Co., Ltd. Group	$ 481,813	27
J Company	334,732	19
S Company	203,536	11
	$ **1,020,081**	**57**

【Appendix 2】

Stock Code:4545

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No.2, Guorui Rd., Guanyin Dist., Taoyuan City, Taiwan (R.O.C.)
Telephone: (03)438-9966

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Min Aik Precision Industrial Co., Ltd. :

Opinion

We have audited the financial statements of Min Aik Precision Industrial Co., Ltd. ("the Company"), which comprise the parent company only balance sheets statement of financial position as of December 31, 2020 and 2019, the parent company only statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgement, should be communicated are as follow:

1. Inventory valuation

   Please refer to Note 4(g) "Inventory" of the notes to financial statement for the accounting policies on inventory measurement.

Description of key audit matter:

The Company's inventory are measured at lower of cost and net realized value. The Company’s products may be obsolescent or do not meet the market requirement due to new product release or market change. Thus, the cost of inventory may exceed its net realizable value. Moreover, the sales ability of products may affect the inventory valuation, which also need to be taken into serious consideration. Therefore, the inventory valuation is one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the Company’s policies of inventory valuation to assess the appropriateness of its inventory valuation; on a sampling basis, testing the Company’s inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

2. Investments accounted for using equity method

   Please refer to Notes 4(h) “Investment in subsidiaries” of the notes to financial statement for the accounting policies on investment in associates.

   Description of key audit matter:

   The subsidiaries that accounted for using equity method, revenue recognition and inventory valuation are material to the parent company only financial statements. The abovementioned valuation may have significant impact to the Company’s operating results. Therefore, the revenue recognition and inventory valuation are considered to be the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures on revenue recognition included the testing of internal control system over automatic equipment revenue; inspecting the contracts entered into with the customers; sending confirmation requests to debtors selected from the sales customers. We also assessed the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

   Our principal audit procedures of inventory valuation included understanding the subsidiaries’s policies of inventory valuation to assess the appropriateness of its inventory valuation; testing, on a sampling basis, the subsidiary’s inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 328,244	12	317,854	12
1170	Notes and accounts receivable, net (note 6(c))	135,665	5	83,536	3
1181	Accounts receivable from related parties (notes 6(c) and 7)	130,784	5	153,766	6
1310	Inventories (note 6(d))	110,430	4	99,603	4
1479	Other current assets (note 7)	15,108	1	44,303	2
		720,231	27	699,062	27
	Non-current assets:				
1536	Non-current financial assets at amortized cost (notes 6(b) and note 8)	4,852	-	91,019	4
1551	Investments accounted for using equity method (note 6(e))	956,989	35	850,850	33
1600	Property, plant and equipment (notes 6(f), 7 and 8)	943,795	35	890,111	34
1755	Right-of-use assets (note 6(g))	475	-	1,100	-
1995	Other non-current assets (notes 6(k) and (l))	82,445	3	48,218	2
		1,988,556	73	1,881,298	73
	Total assets	$ 2,708,787	100	2,580,360	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 190,000	7	100,000	4
2170	Accounts payable	131,816	5	113,105	4
2201	Salaries and wages payable	59,829	2	52,030	2
2280	Current lease liabilities (note 6(j))	283	-	626	-
2300	Other current liabilities (note 7)	100,921	4	87,426	4
2322	Long-term borrowings, current portion (note 6(i))	64,000	2	64,000	2
		546,849	20	417,187	16
	Non-Current liabilities:				
2541	Long-term borrowings (notes 6(i) and 8)	418,000	15	432,000	17
2570	Deferred tax liabilities (note 6(l))	42,554	2	18,285	1
2580	Non-current lease liabilities (note 6(j))	197	-	480	-
		460,751	17	450,765	18
	Total liabilities	1,007,600	37	867,952	34
	Equity attributable to owners of parent (note 6(m)):				
3110	Ordinary share	770,000	28	770,000	30
3200	Capital surplus	685,135	25	704,385	27
3310	Legal reserve	232,320	9	230,904	9
3320	Special reserve	67,046	3	61,868	2
3350	Unappropriated retained earnings	32,018	1	15,377	1
3412	Exchange differences on translation of foreign financial statements	(85,332)	(3)	(70,126)	(3)
	Total equity	1,701,187	63	1,712,408	66
	Total liabilities and equity	$ 2,708,787	100	2,580,360	100

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(o) and 7)	$ 982,193	103	917,843	102
4170	Less: Sales returns and allowances	24,311	3	14,288	2
	Net operating revenue	957,882	100	903,555	100
5111	Operating costs (notes 6(d), (k), 7 and 12)	833,634	87	759,103	84
	Gross profit from operations	124,248	13	144,452	16
	Operating expenses (notes 6(c), (j), (k), 7 and 12):				
6100	Selling expenses	35,989	4	29,544	3
6200	Administrative expenses	100,519	10	95,647	11
6300	Research and development expenses	40,254	4	34,190	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	583	-	(331)	-
	Total operating expenses	177,345	18	159,050	17
	Net operating losses	(53,097)	(5)	(14,598)	(1)
	Non-operating income and expenses (notes 6(e), (f), (q) and 7):				
7010	Other income	7,215	1	9,611	1
7020	Other gains and losses, net	(33,286)	(4)	(13,654)	(2)
7375	Share of profit of associates and joint ventures accounted for using equity method	121,346	13	1,527	-
7050	Finance costs	(9,148)	(1)	(9,278)	(1)
		86,127	9	(11,794)	(2)
7900	**Profit (loss) before tax income**	33,030	4	(26,392)	(3)
7950	Less: Income tax expenses (income) (note 6(l))	3,043	-	(40,552)	(5)
	Net profit	29,987	4	14,160	2
8300	**Other comprehensive income (loss):**				
8310	**Item that may not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	948	-	1,217	-
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(15,206)	(2)	(5,179)	(1)
8300	**Other comprehensive income (loss), net of income tax**	(14,258)	(2)	(3,962)	(1)
	Total comprehensive income (loss)	**$ 15,729**	**2**	**10,198**	**1**
9750	**Basic earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		**0.18**
9850	**Diluted earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	$ 770,000	731,335	284,874	61,868	(53,970)	(64,947)	1,729,160
Profit	-	-	-	-	14,160	-	14,160
Other comprehensive income (loss)	-	-	-	-	1,217	(5,179)	(3,962)
Total comprehensive income (loss)	-	-	-	-	15,377	(5,179)	10,198
Appropriation and distribution of retained earnings:							
Legal reserve used to offset accumulated deficits	-	-	(53,970)	-	53,970	-	-
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)
Balance on December 31, 2019	770,000	704,385	230,904	61,868	15,377	(70,126)	1,712,408
Profit	-	-	-	-	29,987	-	29,987
Other comprehensive income (loss)	-	-	-	-	948	(15,206)	(14,258)
Total comprehensive income (loss)	-	-	-	-	30,935	(15,206)	15,729
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	1,416	-	(1,416)	-	-
Special reserve appropriated	-	-	-	5,178	(5,178)	-	-
Cash dividends on ordinary share	-	-	-	-	(7,700)	-	(7,700)
Cash dividends from capital surplus	-	(19,250)	-	-	-	-	(19,250)
Balance on December 31, 2020	**$ 770,000**	**685,135**	**232,320**	**67,046**	**32,018**	**(85,332)**	**1,701,187**

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
Profit (loss) before income tax	$	33,030	(26,392)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		60,794	73,708
Expected credit loss (gain)		583	(331)
Interest expense		9,148	9,278
Interest income		(455)	(1,235)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(121,346)	(1,527)
Loss (profit) on disposal or retirement of property, plant and equipment		361	(38)
Property, plant and equipment transferred to expenses		303	-
Impairment loss on non-financial assets		961	1,185
Total adjustments to reconcile profit (loss)		(49,651)	81,040
Changes in operating assets and liabilities:			
Changes in operating assets:			
Accounts receivable		(29,730)	23,408
Inventories		(29,156)	35,355
Other current assets		3,294	(3,776)
Other operating assets		(737)	(1,951)
Total changes in operating assets		(56,329)	53,036
Changes in operating liabilities:			
Accounts payable		18,711	(13,715)
Other current liabilities		10,694	(12,807)
Total changes in operating liabilities		29,405	(26,522)
Total changes in operating assets and liabilities		(26,924)	26,514
Total adjustments		(76,575)	107,554
Cash inflow generated (used in) from operations		(43,545)	81,162
Interest received		455	1,235
Interest paid		(9,474)	(9,594)
Income taxes received (paid)		25,712	(10,725)
Net cash flows (used in) from operating activities		(26,852)	62,078
Cash flows from (used in) investing activities:			
Acquisition of financial assets at amortized cost		-	(91,019)
Proceeds from disposal of financial assets at amortized cost		86,167	-
Cash dividends from investment accounted for using equity method		-	100,633
Acquisition of property, plant and equipment		(98,364)	(41,559)
Proceeds from disposal of property, plant and equipment		12	38
Decrease in refundable deposits and others		1,101	3,175
Net cash flows used in investing activities		(11,084)	(28,732)
Cash flows from (used in) financing activities:			
Decrease in short-term borrowing		(291,000)	(40,000)
Increase in short-term borrowing		381,000	-
Increase in long-term borrowing		50,000	-
Repayments of long-term borrowing		(64,000)	(64,000)
Payment of lease liabilities		(724)	(2,019)
Cash dividends paid		(26,950)	(26,950)
Net cash flows from (used in) financing activities		48,326	(132,969)
Net increase (decrease) in cash and cash equivalents		10,390	(99,623)
Cash and cash equivalents at beginning of period		317,854	417,477
Cash and cash equivalents at end of period	$	**328,244**	**317,854**

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Precision Industrial Co., Ltd. (the "Company") was incorporated on January 18, 2001, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company's shares were listed on the Taiwan Stock Exchange (TWSE) on January 6, 2016. The address of its registered office is No. 2, Guorui Rd., Guanyin Dist., Taoyuan City. The Company mainly engages in the processing and manufacturing of electroplating of aluminum and copper products, precision stamping components and electroless nickel plating.

(2) Approval date and procedures of the financial statements:

These parent company only financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the ' costs of fulfilling a contract' comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent company only financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit assets are measured at the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash, and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’ s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 120 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are the same as those attributable to the owners of parent in the consolidated financial statements.

Changes in parent's ownership interest in a subsidiary that do not result in the loss of control are recognized under equity.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 50 years

2) Building facilities: 3~5 years

3) Machinery and equipment: 2~10 years

4) Office and other equipment：2~15 years

5) Leasehold improvement：2~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

   - the relevant decisions about how and for what purpose the asset is used are predetermined and:

     - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

     - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and the assets arising on employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated.

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Revenue recognized

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

The Company manufactures and sells electronic components to computer and automobile manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Company and employees reach a consensus in the subscription price and number of shares.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. Such as employee bonuses not yet resolved by the shareholders.

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments made in applying accounting policies that have any significant effects on the amounts recognized in the Company's financial statement.

Information about accounting assumptions and estimation uncertainties that have not a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year COVID-19 pandemic has not a significant influence on the Company.

(Continued)

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The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(r) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash and cash equivalents in the statement of cash flows	$ 328,244	317,854

Please refer to note 6(r) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Non-current financial assets at amortized cost

	December 31, 2020	December 31, 2019
Restricted bank deposits	$ 4,852	91,019

On December 5, 2019, the Company applied to IRS for the application of "The Management, Utilization and Taxation of Repatriated Offshore Funds Act". The application had been approved and the dividend had been remitted back to the parent subsequently. According to the Act, the funds need to be deposited in a special-purpose account for five years and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for the project investment plan approved by the Ministry of Economic Affairs. Otherwise, the funds can only be redeemed within 3 consecutive year on average after five years maturity. The Company has applied to the Ministry of Economic Affairs for substantial investments and has obtained approval, that were expected to be used for plant expansion and capital expenditure.

For credit risk, please refer to note 6(r).

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(c) Notes and Accounts receivable (include related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 1	264
Accounts receivable	137,104	84,129
Accounts receivable from related parties	130,784	153,766
Less: Loss allowance	(1,440)	(857)
	$ **266,449**	**237,302**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision for notes and accounts receivables was determined as follows:

	December 31, 2020		
Notes and Accounts receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 135,972	1%	1,429
Past due (days):			
0 to 60	1,133	1%	11
	$ **137,105**		**1,440**

	December 31, 2020		
Accounts receivable -related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ **130,784**	0%	**-**

	December 31, 2019		
Notes and accounts receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 82,742	1%	840
Past due (days):			
0 to 60	1,651	1%	17
	$ **84,393**		**857**

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	December 31, 2019		
Accounts receivable -related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 153,766	0%	-

The movement in the allowance for notes and accounts receivable was as follows:

	2020	2019
Balance on January 1, 2020 and 2019	$ 857	1,188
Impairment losses recognized (Gain on reversal of impairment loss)	583	(331)
Balance on December 31, 2020 and 2019	$ 1,440	857

As of December 31, 2020 and 2019, the Company did not provide any notes and accounts receivable as collateral for its loans.

Please refer to note 6(r) for other credit risk.

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials and supplies	$ 20,852	22,990
Work in progress	33,719	23,272
Finished goods	55,859	53,341
	$ 110,430	99,603

The detail of the cost of sales were as follows:

	2020	2019
Inventory that has been sold	$ 786,869	703,265
Write down of inventories	12,626	1,486
Abnormal amounts of production cost of inventories	31,436	52,303
Others	2,703	2,049
	$ 833,634	759,103

As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

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(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Esteem King Limited (Esteem King)	$ 947,407	840,618
Evolution Holdings Limited (Evolution)	9,582	10,232
	$ 956,989	**850,850**

	2020	2019
Attributable to the Company:		
Profit for the year	**$ 121,346**	**1,527**

The Company recognized investment income based on subsidiaries' financial statements with same fiscal period that was audited by the Certified Public Accountant.

As of December 31, 2020 and 2019, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2020	$ 596,362	154,333	634,881	264,108	2,331	1,652,015
Additions	-	26,315	37,485	31,174	14,317	109,291
Disposal	-	-	(2,361)	(3,183)	-	(5,544)
Transfer	-	691	663	674	(2,331)	(303)
Balance on December 31, 2020	**$ 596,362**	**181,339**	**670,668**	**292,773**	**14,317**	**1,755,459**
Balance on January 1, 2019	$ 596,362	154,333	616,197	244,102	9,832	1,620,826
Additions	-	-	19,554	19,821	2,028	41,403
Disposal	-	-	(8,554)	(1,660)	-	(10,214)
Transfer	-	-	7,684	1,845	(9,529)	-
Balance on December 31, 2019	**$ 596,362**	**154,333**	**634,881**	**264,108**	**2,331**	**1,652,015**
Depreciation and impairments loss:						
Balance on January 1, 2020	$ -	10,829	533,524	217,551	-	761,904
Depreciation	-	3,869	31,314	18,761	-	53,944
Disposal	-	-	(2,185)	(2,960)	-	(5,145)
Impairment loss	-	-	961	-	-	961
Balance on December 31, 2020	**$ -**	**14,698**	**563,614**	**233,352**	**-**	**811,664**
Balance on January 1, 2019	$ -	7,005	499,631	199,244	-	705,880
Depreciation	-	3,824	41,262	19,967	-	65,053
Disposal	-	-	(8,554)	(1,660)	-	(10,214)
Impairment loss	-	-	1,185	-	-	1,185
Balance on December 31, 2019	**$ -**	**10,829**	**533,524**	**217,551**	**-**	**761,904**

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	Land	Buildings	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Carrying amounts:						
Balance on December 31, 2020	$ 596,362	166,641	107,054	59,421	14,317	943,795
Balance on December 31, 2019	$ 596,362	143,504	101,357	46,557	2,331	890,111
Balance on January 1, 2019	$ 596,362	147,328	116,566	44,858	9,832	914,946

In 2020 and 2019, the Company concluded that some of the machinery and equipment are in a long-term idle. Therefore, the Company recognized impairment loss amounting to $961 thousand and $1,185 thousand, which report as non-operating expense, respectively.

As of December 31, 2020 and 2019, for the Company pledged property, plant and equipment as collateral for long-term borrowings, please refer to note 8.

(g) Right-of-use assets

	Buildings	Office and other equipment	Total
Cost:			
Balance of January 1, 2020	$ 726	1,825	2,551
Additions	397	-	397
Disposal	(1,123)	(476)	(1,599)
Balance on December 31, 2020	**$ -**	**1,349**	**1,349**
Balance of January 1, 2019	$ 726	2,923	3,649
Additions	-	197	197
Disposal	-	(1,295)	(1,295)
Balance on December 31, 2019	**$ 726**	**1,825**	**2,551**
Depreciation and impairment losses:			
Balance of January 1, 2020	$ 670	781	1,451
Depreciation	180	569	749
Disposal	(850)	(476)	(1,326)
Balance on December 31, 2020	**$ -**	**874**	**874**
Balance of January 1, 2019	$ -	-	-
Depreciation	670	1,689	2,359
Disposal	-	(908)	(908)
Balance on December 31, 2019	**$ 670**	**781**	**1,451**
Carrying amount:			
Balance on December 31, 2020	**$ -**	**475**	**475**
Balance on December 31, 2019	**$ 56**	**1,044**	**1,100**
Balance on January 1, 2019	**$ 726**	**2,923**	**3,649**

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Notes to the Financial Statements

(h) Short-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ **190,000**	**100,000**
Range of interest rates	**0.94%~0.95%**	**1%**

(i) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 100,000	50,000
Secured bank loans	382,000	446,000
Less: current portion	(64,000)	(64,000)
Total	$ **418,000**	**432,000**
Range of interest rates	**0.9%~1.330%**	**1.18%~1.518%**

For the collateral for long-term borrowings, please refer to note 8.

(j) Lease Liabilities

The details were as follows:

	December 31, 2020	December 31, 2019
Current	$ **283**	**626**
Non-current	$ **197**	**480**

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ **10**	**25**
Expenses relating to short-term leases	$ **1,161**	**635**

The amounts recognized in the statement of cash flows was as follows:

	2020	2019
Total cash outflow for leases	$ **1,895**	**2,679**

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(i) Real estate and buildings leases

The Company leases buildings for its offices. The leases of them typically run for a period of 2 to 5 years. Some leases contain extension options exercisable up to the same period as original contract before the end of the contract period.

(ii) Other leases

The Company leases offices and transportation equipment, with lease terms of 2 to 5 years. Some leases contain extension options exercisable up to the same period as original contract before the end of the contract period.

These are short-term lease the Company leases staff dormitories and some lease, with lease terms within one year. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Employee benefit

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	(26,351)	(25,495)
Fair value of plan assets		50,772	48,231
Net defined benefit assets	**$**	**24,421**	**22,736**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $50,772 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	25,495	26,118
Current service costs and interest cost		253	(681)
Remeasurements loss (gain):			
—Return on plan assets excluding interest income		(292)	(1,050)
—Actuarial loss (gain) arising from:			
-demographic assumptions		149	229
-financial assumptions		746	1,144
Benefits planned to be paid		-	(265)
Defined benefit obligations at December 31	**$**	**26,351**	**25,495**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2020	2019
Fair value of plan assets at January 1	$	48,231	45,687
Interest income		389	519
Remeasurements loss (gain):			
—Return on plan assets excluding interest income		1,551	1,540
Benefits paid		601	750
Benefits planned has been paid		-	(265)
Fair value of plan assets at December 31	**$**	**50,772**	**48,231**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2020	2019
Current service costs	$	49	(975)
Net interest of net liabilities (assets) for defined benefit obligations and plan assets		(185)	(225)
	$	**(136)**	**(1,200)**
Operating expense	**$**	**(136)**	**(1,200)**

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5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.350 %	0.800 %
Future salary increase rate	2.875 %	3.125 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $601 thousand.

The weighted average lifetime of the defined benefits plans is 10 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit plan assets	
Original actuarial assumptions	Increased 0.5%	Decreased 0.5%
December 31, 2020		
Discount rate 0.350%	834	(879)
Future salary increasing rate 2.875%	(830)	796
December 31, 2019		
Discount rate 0.800%	877	(927)
Future salary increasing rate 3.125%	(876)	839

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $10,679 thousands and $10,113 thousands for the years ended December 31, 2020 and 2019, respectively.

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(l) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

		2020	2019
Current tax	$	190	7,103
Deferred tax		2,853	(47,655)
Income tax expense (income)	**$**	**3,043**	**(40,552)**

(ii) The amount of income tax recognized directly in equity for 2020 and 2019 was 0.

(iii) Reconciliation of income tax and profit (loss) before tax for 2020 and 2019 is as follows:

		2020	2019
Profit (loss) excluding income tax	$	33,030	(26,392)
Income tax using the Company's domestic tax rate		6,606	(5,278)
Overstated or underestimate		303	(1,148)
Tax incentives		-	(11,892)
None-deduct expenses		190	322
Change in unrecognized temporary differences and other		(4,056)	(22,556)
	$	**3,043**	**(40,552)**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company's foreign subsidiaries have retained earnings, because of the demand of capital expenditures and working capital. The Company expects that some of these retained earnings will not be returned back to the Company in the foreseeable future under the consideration of Company's integral development and investment plan. Hence, the temporary differences are not recognized under deferred tax liabilities. As of December 31, 2020 and 2019, the unrecognized deferred tax liabilities amount was $26,090 thousand, respectively.

2) Unrecognized deferred tax assets

		December 31, 2020	December 31, 2019
The carry forward of unused tax losses	**$**	**6,451**	**10,507**

The R.O.C. Income Tax Act and subsidiaries tax jurisdiction allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

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As of December 31, 2020, the information of the Company's tax losses are as follows, and the Company's unused tax losses for which no deferred tax assets were $32,253 thousand.

Year of loss		Unused tax loss	Expiry date
2017 (Approved)	$	11,205	2027
2018 (Approved)		68,134	2028
2019 (Filed)		19,138	2029
2020 (Estimation)		84,144	2030

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

		Unrealized exchange gain	Gain on foreign investments under the equity method	Total
Deferred Tax Liabilities:				
Balance at January 1, 2020	$	-	18,285	18,285
Recognized in profit or loss		-	24,269	24,269
Balance at December 31, 2020	$	**-**	**42,554**	**42,554**
Balance at January 1, 2019	$	221	50,601	50,822
Recognized in profit or loss		(221)	(32,316)	(32,537)
Balance at December 31, 2019	$	**-**	**18,285**	**18,285**

		Unrealized exchange loss	Unused tax losses carry forwards	Unrealized inventory loss	Others	Total
Deferred Tax Assets:						
Balance at January 1, 2020	$	(1,958)	(9,203)	(3,753)	(4,779)	(19,693)
Recognized in profit or loss		1,194	(20,870)	(1,247)	(493)	(21,416)
Balance at December 31, 2020	$	**(764)**	**(30,073)**	**(5,000)**	**(5,272)**	**(41,109)**
Balance at January 1, 2019	$	-	-	(3,271)	(1,304)	(4,575)
Recognized in profit or loss		(1,958)	(9,203)	(482)	(3,475)	(15,118)
Balance at December 31, 2019	$	**(1,958)**	**(9,203)**	**(3,753)**	**(4,779)**	**(19,693)**

(v) Examination and Approval

The Company's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

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Notes to the Financial Statements

(m) Capital and other equity

As of December 31, 2020 and 2019, the total value of authorized ordinary shares both were amounted to $1,000,000 thousand with par value of $10 per share. As of that date, ordinary shares both were issued amounted to $770,000 thousand.

(i) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

		December 31, 2020	December 31, 2019
Share premium	$	634,849	654,099
Reorganization		42,439	42,439
Employee share options		7,847	7,847
	$	**685,135**	**704,385**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

The general meeting of shareholders that held separately May 15, 2020 and Jane 13, 2019, decided to distribute capital surplus resulting from share premium as cash dividends amounted separately to $19,250 thousand and $26,950 thousand with $0.25 per share and $0.35 per share.

(ii) Retained earnings

The Company's Articles of Incorporation requires that after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to a resolution of a shareholder's meeting.

In consideration of the shareholder' s long-term benefit and stable operation, the Company adopts a stable dividends policy. Therefore, cash dividends should not be less than 30% of the aggregate dividends.

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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2019 was decided via the general meeting of shareholders held on May 15, 2020. The relevant dividend distributions to shareholders were as follows. The Company has accumulated deficits, so no earnings distribution in 2018.

	2019	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	$ 0.10	7,700

Earnings distributions for 2019 that decided by the general meeting of shareholders were not different from the resolution of board meeting. Related information would be available at the Market Observation Post System website.

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2020, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 29,987	14,160
Weighted-average number of ordinary shares (thousand shares)	77,000	77,000
Earnings per share	$ 0.39	0.18

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
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(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2020, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows. The Company does not have any dilutive potential ordinary shares in 2019. Thus, only basic earnings per share is disclosed.

		2020
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	$	**29,987**
Weighted-average number of ordinary shares (diluted) (thousand shares)		**77,100**
Basic earnings per share	$	**0.39**

Weighted-average number of ordinary shares (diluted) (thousand shares):

	2020
Weighted-average number of ordinary shares (basic) (thousand shares)	77,000
Effect of dilutive potential ordinary shares:	
Effect of employee share bonus	110
Weighted average number of ordinary shares (diluted) (thousand shares)	**77,110**

(o) Revenue from contracts with customers

(i) Details of revenue

		2020	2019
Primary geographical markets			
Malaysia	$	361,542	417,596
Taiwan		255,261	234,144
Thailand		165,181	131,514
China		95,278	36,827
Others		80,620	83,474
	$	**957,882**	**903,555**

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	$ 267,889	238,159	261,567
Less: allowance for impairment	(1,440)	(857)	(1,188)
Total	**$ 266,449**	**237,302**	**260,379**

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation the Company should contribute 3%~9% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020, the Company estimated its employee remuneration, directors' and supervisors' remuneration amounting to $3,303 thousand and $367 thousand, respectively. The Company did not estimate employee remuneration and directors' and supervisors' remuneration due to loss before income tax for the year ended December 31, 2019. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020. Related information would be available at the Market Observation Post System website.

(q) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	2020	2019
Interest income	$ 455	1,235
Rent income	3,171	3,052
Other income	3,589	5,324
	$ 7,215	**9,611**

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

	2020	2019
Foreign exchange gains (losses), net	$ (31,844)	(12,507)
Loss on non-financial assets impairment	(961)	(1,185)
Gain (Losses) on disposals of property, plant and equipment, net	(361)	38
Others	(120)	-
	$ (33,286)	**(13,654)**

(r) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which is derived primarily from the Company' s accounts receivable.

1) Credit risk exposure

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2020 and 2019, the maximum amounts that exposed to credit risk were $605,046 thousand and $652,644 thousand, respectively. Since the Company's bank deposits are deposited in many different finance institutions with good credit rating. Therefore, there is no significant credit risk.

2) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2020 and 2019, 95% and 94%, respectively, of the Company's accounts receivable were concentrated on top five sales clients.

3) Please refer to note 6(c) for the details of the accounts receivable aging and loss allowance.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

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The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Bank loans	$ 672,000	689,104	259,913	168,058	198,628	62,505
Accounts payable (including related parties)	131,816	131,816	131,816	-	-	-
Lease liabilities	480	486	287	115	84	-
Other financial liabilities	155,854	155,854	155,854	-	-	-
	$ 960,150	**977,260**	**547,870**	**168,173**	**198,712**	**62,505**
December 31, 2019						
Non-derivative financial liabilities						
Bank loans	$ 596,000	621,310	172,435	119,273	201,875	127,727
Accounts payable (including related parties)	113,105	113,105	113,105	-	-	-
Lease liabilities	1,106	1,121	635	287	199	-
Other financial liabilities	135,995	135,995	135,995	-	-	-
	$ 846,206	**871,531**	**422,170**	**119,560**	**202,074**	**127,727**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	10,903	28.48	310,513	16,713	29.98	501,053
Financial liabilities						
Monetary items						
USD	279	28.48	7,947	301	29.98	9,013

MIN AIK PRECISION INDUSTRIAL CO., LTD.
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2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other accounts receivable and accounts payable that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the abovementioned foreign currency as of 31 December, 2020 and 2019 would have decreased or increased the net profit before tax by $3,026 thousand and $4,920 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis is performed on the same basis for 2019.

3) Foreign exchange gain and loss on monetary items

The exchange rate information that foreign exchange gain (loss) (including realized and unrealized portions) on monetary items is translated to the parent company's functional currencies, New Taiwan Dollars, was as follows:

	2020		2019	
	Exchange gain or loss	Average exchange rate	Exchange gain or loss	Average exchange rate
NTD	(31,844)	1	(12,507)	1

4) Interest rate analysis

Please refer to the notes on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases a quarter-point when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by a quarter-point, the Company's profit before income tax would have decreased or increased by $373 thousand and $218 thousand for the year ended 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the changes in the Company's variable-interest-rate financial liabilities exposure to interest risk.

The Company's fixed-interest-rate financial liabilities are measured at amortized cost. The changes in market rate do not affect the Company's profit or loss on the reporting date. Therefore, the Company does not disclose the sensitivity analysis of the changes in fair value.

(Continued)

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Notes to the Financial Statements

(iv) Fair value of financial instruments

The carrying amounts and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy are as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 328,244				
Notes and accounts receivable	135,665				
Accounts receivables – related party	130,784				
Other financial assets	10,353				
Subtotal	**$ 605,046**				
Financial liabilities measured at amortized cost					
Long term and short term borrowing	$ 672,000				
Accounts payable (including related parties)	131,816				
Lease liabilities	480				
Other financial liabilities	155,854				
Subtotal	**$ 960,150**				

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 317,854				
Notes and accounts receivable	83,536				
Accounts receivable – related party	153,766				
Other financial assets	97,488				
Subtotal	**$ 652,644**				

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long term and short term borrowing	$ 596,000				
Accounts Payables (including related parties)	113,105				
Lease liabilities	1,106				
Other financial liabilities	135,995				
Subtotal	$ 846,206				

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments traded in an active market is based on the quoted market price. The quotation announced by the stock exchange center or exchange center, might be regarded as the fair value of the listed equity securities which is traded in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Company’s valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as listed company stock, beneficiary certificate etc., its fair value depends on the market quotation.

- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

2) There were no transfers between each fair value levels in 2020 and 2019.

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MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(s) Financial risk management

(i) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Overview

The Company have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes 6(r) in the accompanying consolidated financial statements.

(t) Capital management

The Company's capital management policy is to ensure that it has sufficient and necessary financial resources to sustain its working capital, capital expenditures and debt refunding requirements within twelve months after the reporting date. And also considers the debt ratio to maintain investor, creditor and market confidence. The Company's capital management strategy is consistent with the prior year, and the debt ratio were 37% and 34% as of December 31, 2020 and 2019, respectively.

(u) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) Adoption lease for right-of-use assets, please refer to note 6(g).

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Notes to the Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Other	December 31, 2020
Long-term borrowings	$ 496,000	(14,000)	-	482,000
Short-term borrowings	100,000	90,000	-	190,000
Lease liabilities	1,106	(724)	98	480
Total liabilities from financing activity	**$ 597,106**	**75,276**	**98**	**672,480**

	January 1, 2019	Cash flows	Other	December 31, 2019
Long-term borrowings	$ 560,000	(64,000)	-	496,000
Short-term borrowings	140,000	(40,000)	-	100,000
Lease liabilities	3,316	(2,019)	(191)	1,106
Total liabilities from financing activity	**$ 703,316**	**(106,019)**	**(191)**	**597,106**

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Min Aik Technology Co., Ltd (MAT)	The entity with significant influence over the Group
Min Aik Technology (M) Sdn. Bhd. (MAM)	Other related party (MAT's subsidiary)
MATC Technology (M) Sdn. Bhd. (MATC)	〃
Min Aik Technology (Suzhou) Co., Ltd. (MAY)	〃
Min Aik Automation (Suzhou) Co., Ltd (MAA)	〃
Evolution Holdings Limited. (Evolution)	Subsidiaries or indirect-holding subsidiaries
Esteem King Limited. (Esteem King)	〃
MAP Plastics Pte Ltd. (MAPP)	〃
Amould Plastic Technologies (Suzhou) Co., Ltd. (AMO)	〃
Key management personnel	The Group’s major management personnel

(b) Parent company and ultimate controlling company

The Company is the subsidiaries’ parent company and the ultimate controlling party.

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MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	Sales		Receivables from related parties	
	2020	2019	December 31, 2020	December 31, 2019
The entity with significant influence over the Company:				
MAT	$ 156,410	143,450	62,411	69,989
Other related parties:				
MAM	307,758	338,339	68,369	83,777
Others	5	24	4	-
	$ 464,173	481,813	130,784	153,766

The payment term of sales to related parties was O/A 75-120 days, which may be changed depending on the Company's operation. The payment term to non-related parties was normally about two to three months. The selling price to related parties was referred to the market price and negotiated by both parties.

(ii) Purchases

	Transaction amount		Payables to related parties	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiaries	$ 3,824	-	-	-

The Company purchased the machines from the subsidiary to satisfy sales demand in 2019. As of December 31, 2019, USD62 thousand was prepaid in accordance with the contract, recognized as Prepayments. As of December 31, 2020, the Company has not recognized as Prepayments

(iii) Accepting services from and other accounts payable to related parties

	Transaction amount		Other accounts payable to related parties	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiaries	$ 32	68	10	-
The entity with significant influence over the Company	3,864	2,644	1,657	1,267
Other related parties	2,396	2,750	2	356
	$ 6,292	5,462	1,669	1,623

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iv) Rendering services to and other accounts receivable from related parties

	Transaction amount		Other accounts receivable from related parties	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiaries	$ 2,758	9,051	256	2,545
Other related parties	1,800	2,124	182	331
	$ 4,558	11,175	438	2,876

Abovementioned services income excludes expenses and is recognized under other income.

(v) Property transactions

The property, plant and equipment purchased from related parties are summarized as follows:

	Transaction amount		Other accounts payable to related parties	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiaries	$ 964	2,446	-	911

The Company purchased machines from subsidiaries for its operating demand.

(vi) Guarantee

As of December 31, 2020 and 2019, the Company's guarantees for subsidiaries' bank loan were $135,739 thousand and $119,920 thousand, respectively, and actually drawdown amounts were $21,819 thousand and $0 thousand, respectively.

(d) Key management personnel compensation

	2020	2019
Short-term employee benefits	$ 12,239	14,663
Post-employment benefits	210	290
Total	$ 12,449	14,953

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Land and buildings	Long-term borrowings	$ 672,418	674,593
Non-current financial assets	Bank deposits for restricted purposes, due to offshore funds repatriated (tax preference)	4,852	91,019
		$ 677,270	765,612

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(9) Commitments and contingencies:

(a) The Company's unrecognized contractual commitments were as follows:

	December 31, 2020	December 31, 2019
Purchase commitment	$ 37,265	61,815
Acquisition of property, plant and equipment	$ 8,241	1,877

(b) The guarantee notes issued by the Company for the line of credit and for the financing were as follows:

	December 31, 2020	December 31, 2019
Issued guarantee notes	$ 965,680	989,680

(c) Please refer to note 7 for the Company provided an endorsements and guarantees for subsidiaries' bank loan.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	219,905	75,193	295,098	177,629	73,914	251,543
Labor and health insurance	21,559	6,131	27,690	19,903	5,874	25,777
Pension	7,379	3,164	10,543	7,078	1,835	8,913
Remuneration of directors	-	4,707	4,707	-	3,717	3,717
Others	8,231	3,314	11,545	6,118	1,882	8,000
Depreciation	42,898	11,795	54,693	52,712	14,700	67,412
Amortization	6,101	-	6,101	6,296	-	6,296

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For the year ended 2020 and 2019, additional information about the number of employees and employee benefits are as follows:

	2020	2019
Average number of employees	486	483
Number of directors, not in concurrent employment	7	6
Average employee benefits	$ 720	617
Average salaries	$ 616	527
Average salaries adjustments	16.89 %	(3.13)%
Remuneration for supevrisors	$ -	-

The remuneration to the Company's employees and managers is mainly based on individual performance in addition to consideration to the human resources market, the salaries for those in similar industries, and the Company's salary and welfare policies. Directors' remuneration is mainly based on the value of individual's participation and contributions in the Company's operations.

Furthermore, the Company has established a remuneration committee to determine and regularly review the Company's directors and managers' annual and long term performance goals and remuneration policies, systems, standards and structures, as well as regularly evaluate the Company's directors and managers' performances. The salary and remuneration are set to ensure that the Company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

All matters concerning the remuneration to directors and managers must be reported to the remuneration committee first, and then submitted to the board of directors for resolution before implementation.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2020:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Esteem King	(2)	1,701,187	121,000	113,920	-	-	6.70 %	1,701,187	Yes	No	No
0	The Company	AMO	(2)	1,701,187	21,884	21,819	21,819	-	1.29 %	1,701,187	Yes	No	Yes

Note 1: Relationship with guarantor:

1. Ordinary business relationship.
2. The Company directly or indirectly owned more than 50% of the subsidiary shares.
3. The counter-party directly or indirectly owned more than 50% of the Company's shares.
4. The Company directly or indirectly owned 90% or more than 90% of subsidiaries' shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The amount of the guarantee provided by the Company to any individual entity shall not exceed 10% of the Company's net worth. The subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed the Company's net worth.

Note 3: The total amount of endorsements/guarantees may not exceed the Company's net worth.

Note 4: If highest balance of financing to other parties during the period was foreign currencies which were translated to New Taiwan Dollars by the highest exchange rate for current year. If ending balance and actual usage amount during the period were foreign currencies which were translated to New Taiwan Dollars by the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/ Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The company	Min Aik Technology (M) Sdn. Bhd. (MAM)	The entity with significant influence over the Group	(Sale)	307,758	(32) %	Note 1	-	-	68,369	26%	
The company	Min Aik Technology Co., Ltd. (MAT)	〃	(Sale)	156,410	(16) %	Note 1	-	-	62,411	23%	

Note 1：The payment is O/A 75~120 days, any further adjustment on the term will have to be agreed by both parties.

(Continued)

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(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of the investee	Investment income (losses)	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value	Carrying value		
The Company	Esteem King	Samoa	Investment holding	511,481	511,481	17,079	100.00 %	947,407	121,488	121,488	
The Company	Evolution	Hong Kong	Investment holding	145,103	145,103	4,600	100.00 %	9,582	(142)	(142)	
Esteem King	MATC	Malaysia	Manufacture and selling hard disk components	127,726	127,726	10,527	20.00 %	37,016	(145,104)	(29,021)	
Esteem King	MAPP	Singapore	Manufacture and selling medical injection and molding	323,449	323,449	10,714	100.00 %	822,683	154,225	154,225	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings as of December 31, 2020
					Outflow	Inflow						
AMO	Design and manufacture automatic machines	213,774	Note1	141,923	-	-	141,923	42,332	100%	42,332	235,125	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
269,999	269,999	1,020,712

Note 1: The Company invests subsidiaries which is via MAPP.

Note 2: The Company recognized investment income (losses) by subsidiaries' financial statements which was audited by the Certified Public Accountant who audited the Company's financial statements.

Note 3: The Company invested in Dongguan Yi Hong Precision Industrial Co., LTD. (YHP) with USD4,400 thousand indirectly. The Company completed the liquidation procedure of YHP and got payment of USD265 thousand in December, 2019. The cancellation was approved by the Ministry of Economic Affairs on January 20, 2020 by the letter No. 10800412250.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, and are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Min Aik Technology CO., LTD.	27,876,910	36.20 %
Bea Con Investment Limited (MALAYSIA)	25,195,763	32.72 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Foreign amount	Exchange rate	Amount
Cash on hand and petty cash			$ 191
Cash in banks:			
Check deposits			156
Demand deposits			253,179
Foreign currency deposits:			
USD	$2,622 thousand	28.48	74,688
SGD	$ 1 thousand	21.56	30
			$ 328,244

Statement of notes and accounts receivable

Customer Name	Description	Amount
Notes and accounts receivable from non-related parties		
Corporation SE(T)	Operating revenues	$ 48,191
Corporation AM	〃	27,310
Corporation SMP	〃	12,607
Corporation KS	〃	12,567
Corporation MZ	〃	10,471
Corporation SE	〃	7,392
Others (less than 5% for each customer)	〃	18,567
Subtotal		137,105
Less: Loss allowance		(1,440)
Total		**$ 135,665**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods	$ 71,427	74,300
Work in process	38,234	25,757
Raw materials	23,230	21,470
Subtotal	132,891	121,527
Less: Allowance for inventory valuation and obsolescence	(22,461)	
Net inventory	$ 110,430	

Statement of other current assets

Item	Description	Amount
Prepaid expenses	Prepaid insurance, tax, operation expenses, and so on	$ 6,981
Other receivables-other	Receivables from sales of scrap	5,063
Income tax refund receivable	The refundable value added tax and income tax	1,923
Others (less than 5% for each item)		1,141
Total		$ 15,108

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of changes in property, plant and equipment

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(f) to this parent company only financial statement for details.

Statement of changes in right-of-use assets

Please refer to note 6(g) to this parent company only financial statement for details.

Statement of other non-current assets

Item	Amount
Deferred tax assets	$ 41,109
Prepaid pension cost	24,421
Long-term prepaid expenses	12,295
Refundable deposits	4,620
	$ 82,445

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Addition		Decrease		Others adjustments		Ending balance			Market value or net asset value	Guarantee or pledged
Investee Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount		
Valued with equity method:													
Esteem King Limited	17,079	$ 840,618	-	-	-	-	-	106,789 (note 1)	17,079	100.00 %	947,407	947,407	none
Evolution Holdings Limited	4,600	10,232	-	-	-	-	-	(650)(note 2)	4,600	100.00 %	9,582	9,582	none
		$ 850,850		-		-		106,139			956,989	956,989	

Note 1: Including gain on investments accounted for using equity method amounting to $121,488 thousand, and exchange difference on translation of foreign financial statements amounting to $(14,699) thousand.

Note 2: Including loss on investments accounted for using equity method amounting to $(142) thousand and exchange difference on translation of foreign financial statements amounting to $(508) thousand.

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Ending balance	Contract period	Range of interest rate	Loan commitment	Guarantee or pledged
Fubon Bank	Unsecured bank loans	$ 70,000	Within one year	0.95%	200,000	None
DBS Bank	〃	70,000	〃	0.94%~0.95%	100,000	〃
Yuanta Bank	〃	50,000	〃	0.95%	100,000	〃
		$ 190,000				

Statement of accounts payable

Item	Description	Amount
Company SC	Generated from operation	$ 27,934
Company SY	〃	22,466
Company SSR	〃	13,667
Company YHH	〃	10,382
Company WS	〃	8,361
Others (less than 5% for each item)	〃	49,006
Total		**$ 131,816**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of long-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Creditor	Loan commitment	Amount: More than one year	Amount: With one year	Contract period	Interest rate	Guarantee or pledged
Hua Nan Commercial Bank	$ 100,000	$ -	100,000	109.1.22~111.3.23	0.90%	None
Cathay United Bank	382,000	64,000	318,000	107.4.16~116.4.16	1.330%	Land and buildings
	$ 482,000	**$ 64,000**	**418,000**			

Statement of other current liabilities

Item	Description	Amount
Other accrued expenses	Payables to service, fuel and daily expenditures	$ 29,005
Equipment payables	Acquisition of equipment	21,781
Mould payables	Material for mould and processing expenses	15,264
Employment payables	Salaries and wages, social security expenses and pension cost	10,398
Inspection payables	Inspection cost for purchases and sales	7,179
Maintenance payables	Repair and maintenance for plants and staff housing	7,102
Export payables	Expenses paid for export sales	3,628
Others (less than 5% for each item)	Trade promotion service charges, foreign warehouse, supplies and others	6,564
Total		**$ 100,921**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating revenue

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	PCS	Amount
Hard disk drive VCM Plate	128,773 thousand	$ 618,349
Other electronic stamping components	71,745 thousand	214,875
Hard disk drive stamping components	21,017 thousand	111,279
Others	11 thousand	13,379
Total		**$ 957,882**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating costs

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Merchandising:	
Merchandise, beginning of year	$ -
Add: Purchases	3,829
Less: Transferred	-
Cost of goods sold	3,829
Manufacturing:	
Raw materials used:	
Raw materials, beginning of year	24,966
Add: Purchases (excluding sales of scrap $39,926 thousands)	378,772
Less: Raw materials, end of year	23,230
Transferred	12,505
Subtotal	368,003
Direct labor	171,295
Manufacturing expenses	289,730
Manufacturing cost	829,028
Add: Work in process, beginning of year	27,198
Less: Work in process, end of year	38,234
Transferred	10,913
Cost of finished goods	807,079
Add: Finished goods, beginning of year	63,851
Less: Finished goods, end of year	71,427
Transferred	26,064
Cost of goods sold	773,439
Add: Unallocated fixed overheads due to idle capacity	31,436
Cost of raw materials and work in process sold	9,601
Loss on inventory impairment and obsolescence	12,626
Gain on physical inventory and other operating cost	2,703
Operating costs	**$ 833,634**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development Expenses
Salary expenses	$ 10,213	52,542	29,387
Export expenses	22,068	-	3
Repairs and maintenance expenses	6	5,509	41
Research expenses	-	-	4,777
Depreciation expenses	10	9,763	2,022
Service charges	-	15,617	42
Others (note)	3,692	17,088	3,982
Total	**$ 35,989**	**100,519**	**40,254**

Note: less than 5% for each item

Min Aik Precision Industrial Co., Ltd.

Chairman: Chia, Kin-Heng