Stock Code:4545

# 銘鈺精密工業股份有限公司

# Min Aik Precision Industrial Co., Ltd.

# Annual Report 2022

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

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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.

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   Title: Assistant Vice President of Finance Administration Division
   Tel: 03-4389966
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   **Acting Spokesperson**
   Name: Hsieh, Hsiu-Lan
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   Tel:03-4389966
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2. **Address and Telephone of Headquarters, Branches and Factories**
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3. **Stock Transfer Agency**
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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. Letter to Shareholders

Dear Shareholders:

To start, on behalf of the management team we would like to express our gratitude to all our shareholders for your participation in and long-term support for our company. The global outbreak of the Covid-19 pandemic has had a great impact on global economic activities and daily life; various countries have put in place economic rescue plans to reduce the effects of the pandemic on their respective economies. Though the epidemic has gradually subsided following vaccination efforts, the economic rebound in early 2022 has rapidly deteriorated due to the Russia-Ukraine war, urging inflation to continue to increase in various countries as the cost of raw materials also rises, further corroding the profitability of the company.

There are many challenges to overcome in the future. In the context of the rapidly changing market, Min Aik Precision Industrial Co., Ltd. has taken the initiative to expand into new business areas to grow our revenue in 2022. Thanks to the management team's ability to optimize the handling of rising labor costs and raw materials, profit in 2022 still increased compared to last year. Min Aik Precision Industrial Co., Ltd. is expected to strive to uphold the spirit of adapting to trends and innovation in 2023, and leverage the opportunities and synergy of the group, continuing to create high-value thinking that can overcome the many challenges ahead.

**I. 2022 Operating results**

(I) Overview of operation policy and implementation

In 2022, the overall hard disk market showed weak demand, which led to a decline in the revenue of Min Aik Precision Industrial Co., Ltd.'s precision metal stamping business. However, since the company's active expansion of new businesses in recent years, the precision metal stamping business has improved compared to the previous year as a result of being driven by consumer electronic parts and heat spreader-related products. Furthermore, the medical plastic business has rebounded as the pandemic has subsided, allowing stable performance of the automatic business. The consolidated revenue this year increased despite the tough economic market, and rising labor costs and raw materials. The management team's performance is all the more impressive than last year through process optimization and business strategies.

In summary, the consolidated net operating revenue of Min Aik Precision was NT$2,275,017,000, an increase of 4.9% from NT$2,167,903,000 compared to 2021. Consolidated operating gross profit was NT$485,222,000, an increase of 5.5% from NT$459,964,000 in 2021. Consolidated operating net income was NT$166,756,000, consolidated net income (after tax) was NT$161,828,000, consolidated after-tax earnings per share was NT$2.10, and the net value per share was NT$ 24.65. All operating performances increased compared to the same period last year.

(II) Implementation achievements of the operating plan

| Item | 2022 | 2021 |
|---|---|---|
| Operating Revenue | 2,275,017 | 2,167,903 |
| Operating Gross Profit | 485,222 | 459,964 |
| Operating profit/loss | 166,756 | 130,000 |
| Non-Operating Income and Expenses | 55,362 | -15,045 |
| Net income | 161,828 | 89,217 |

(III) Analysis of profitability

| Item | | 2022 | 2021 |
|---|---|---|---|
| Return on asset (%) | | 5.37 | 3.13 |
| Return on equity (%) | | 8.96 | 5.23 |
| Paid-in capital (%) | Operating Income | 21.66 | 16.88 |
| | Pre-tax Profit | 28.85 | 14.93 |
| Profit ratio (%) | | 7.11 | 4.12 |
| Earnings per share (NT$) | | 2.10 | 1.16 |

(IV) Research and Development

Surface treatment equipment and the technical development of new molds and fixtures have been used to enhance production technology capabilities and shorten the development timeline in the precision metal stamping business. In addition, the competitiveness of products has been improved through the development and introduction of automatic equipment. After the expansion of the new plant in the medical plastic business, apart from jointly developing new products with existing customers, we are also planning to invest in other non-medical product businesses in the future to increase product diversity. Regarding the automation business, we continue to respond accordingly to the ever-changing development and innovation needs of the industry through technological improvement, introduction and training of technical talent, and product structure optimization to improve yield and efficiency. It is only through the accumulation of technical experience and excellence that we are able to incorporate diversified business development.

With the aim of providing high-quality products and services and meet customer needs, Min Aik Precision Industrial Co., Ltd. combines the above-mentioned three main businesses through the integration of group resources. We are continuously investing in innovation and research and development to create high-value technical services and drive existing business success.

## II. 2023 Business Plan Overview

(I) Operation guidelines

Due to the impact of the epidemic of previous years, the expansion and development of new businesses were subject to many restrictions. However, in the post-pandemic era, more direct interaction and feedback with overseas customers is possible and we are seeing a positive influence on the development of performance. The three main business strategies of our company are as follows:

1. Precision metal stamping: we will continue to dedicate ourselves to the development of new products and customers in the non-hard disk industry. By relying on existing core technologies, we shall proactively invest in resources to win customer orders and cooperate with professional technical units and academic institutions to jointly improve product technical capabilities so we can seize new business opportunities in the early stages of customer development.
2. Medical consumables: as well as stabilizing the medical consumable product business, we shall also continue to develop the non-medical plastic product business this year as it presents a new business opportunity to the company.
3. Automatic equipment: in addition to continuing to promote the automation business of medical equipment this year, we are also expanding our automatic equipment customer base for consumer electronics products, and actively distributing the promotion of automation business of local foundries in mainland China.

(II) Expected sales volume and basis of calculation and important production and sales policies

1. Precision metal stamping: due to the sluggish market demand for hard disk products, we will focus on inventory reduction and inventory control, and control the costs through technological upgrading and process improvement. The stable production of the new production line and the increase in utilization rate of cooling products for hard disks will drive precision metal stamping business revenue.
2. Medical consumables: due to global population ageing, the demand for medical plastic products will continue to increase. The expansion and completion of the factory building has effectively shortened the time for developing new non-medical products to meet the needs of end-consumers, pioneering new business opportunities.
3. Automatic equipment: our company mainly produces customized equipment for consumer electronics products. As labor costs in various countries continue to rise, companies are gradually increasing demand for machines and equipment that can reduce manpower. With the introduction of new product functions for end-consumers and the adjustment of the global supply chain, capital expenditures are

bound to increase as production bases change, therefore we expect this to drive automation business growth.

## III. Future Development Strategies of the Company

With the aging of the global population and the increase in labor costs, the company will reduce costs through automated production and process adjustments to increase the company's profits. Through the vertical and parallel integration of the three business entities, comprehensive benefits can be leveraged on both the customer and product ends, offering new product opportunities for existing customers. Moreover, we will continue to place emphasis on issues of concern to all stakeholders, attach great importance to environmental protection, fulfill our social responsibility, and implement corporate governance. While pursuing the interests of the company, we are also committed to the sustainable development of the enterprise.

## IV. Impact of external competition environment, legal environment, and macro operation environment

Affected by international inflation, pressure from raise interest rates and geopolitical risks, the overall economic outlook presents many uncertainties. With greater stress on sustainable development, ESG has become an important area of learning for enterprises. We must invest more resources and effort to stay ahead in this area. The company will closely monitor the relevant risks of various operating environments and continue to improvements so we can proactively take action and reduce the impact on the company.

Although uncertainty remains due to changes in the global economy and industry, the company is still maintaining an outstanding performance at a steady pace with the support and encouragement of employees, customers, suppliers, and shareholders. In the future, in addition to continuing to expand the business and pursue growth, we will also focus on improving profitability through various management and process optimization, and further enhance the economic value of the enterprise. Meanwhile, we will continue to uphold the long-term goal of sustainable operations, and fulfill our social responsibility and corporate governance commitments to meet the expectations of all stakeholders.

Last but not least, on behalf of the board of directors, the management team, and all employees, we would like to thank all the shareholders for your trust and support, and wish everyone good health and happiness in the coming year.

Chairman: Chia, Kin-Heng

# II. Company Description

## 2.1 Date of Incorporation: January 18, 2001

## 2.2 Corporate History:

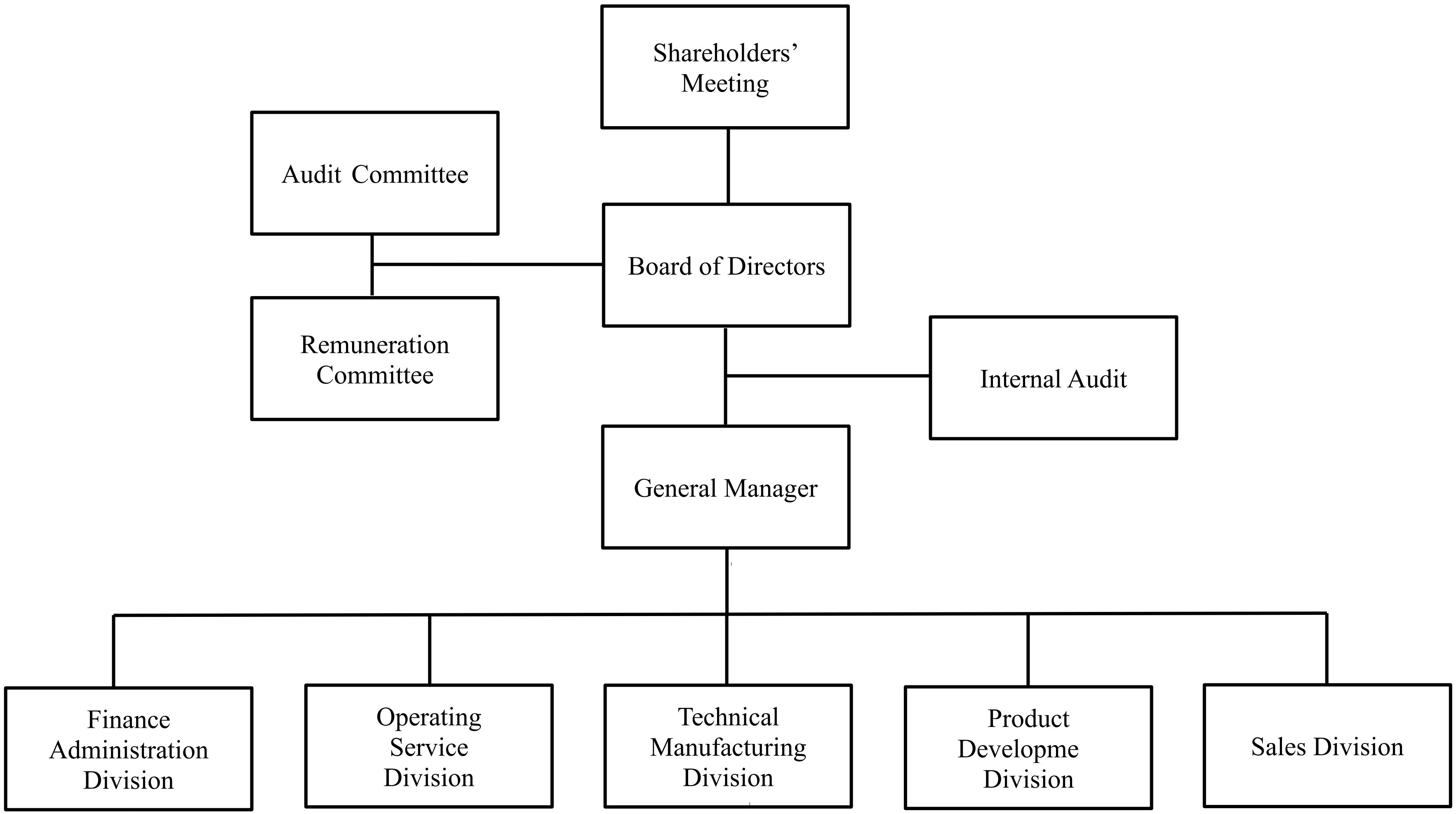
| Year | Important Matters |
|---|---|
| Jan. 2001 | The company was duly incorporated. It was originally named Min En Color Plating Co., Ltd. Its address was No. 5, Jingjian 4th Road, Guanyin Industrial Park, Guanyin District, Taoyuan County. The registered capital was NT$120 million, and the paid-in 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.<br>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. |
| Dec. 2012 | Initial public offering |

| Year | Important Matters |
| --- | --- |
| 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. |
| Feb. 2021 | The company achieved ISO45001:2018 certification. |

# III. Corporate Governance Report

## 3.1 Organization system

### 3.1.1 Organization structure



### 3.1.2 Business of Each Main Department

| Department | Business |
|---|---|
| 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

2023/5/5

| Title | Name | Nationality or Place of Registration | Gender Age | 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 | 29,487,000 | 38.29 | 0 | 0 | 0 | 0 | - | - | - | - | - | |
| | Representative：Chia, Kin-Heng | Singapore | Male 61~70 | 90.01.09 (Note 2) | 109.05.15 | 3 | 480,766 | 0.62 | 675,766 | 0.88 | 146,000 | 0.19 | 0 | 0 | • Nanyang University Business School, Singapore<br>• Senior Purchasing Assistant, Singapore Baigong Electric Appliance Co., Ltd.<br>• Senior Director, Miniscribe Co., Ltd.<br>• Senior Materials Manager, Leica Instrument Pte. Ltd.<br>• Senior Associate of The Materials Department, Western Digital (S)Pte. Ltd.<br>• Vice President, Far East Region of Corner Co. Ltd.<br>• Vice President, Materials and Production Planning of Maxtor Peripherals (S) Pte. Ltd. | • Chairman and CEO of Min Aik Technology Co., Ltd.<br>• Director of Min Aik Technology USA Inc.<br>• Director of Min Aik International Development Pte. Ltd.<br>• Min Aik Technology (M) Sdn. Bhd. Director<br>• MATC Technology Malaysia Sdn. Bhd. Director<br>• Map Technology Holdings Pte. Ltd. Director<br>• Director of M&J Technologies Co., Ltd.<br>• Director of Mingyu Technology (Suzhou) Co., Ltd.<br>• Director of Jinghao (Shanghai) Energy Technology Co., Ltd.<br>• Director of Jinghao (Suzhou) New Energy Technology Co., Ltd.<br>• Director of Geminnovative Technology Co., Ltd.<br>• Chairman of Green Far Co., Ltd.<br>• Director of MAP Plastics Pte. Ltd. (Singapore)<br>• Director, Archers (Shanghai) Systems Limited.<br>• Director, Archers (Suzhou) Systems Limited. | - | - | - | |

| Title | Name | Nationality or Place of Registration | Gender Age | 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 | |
| Director | Representative：Chang, Lung-Ken | R.O.C | Male 61~70 | 109.05.15 | 109.05.15 | 3 | 0 | 0 | 12,000 | 0.02 | 0 | 0 | 0 | 0 | • Department of Mechanical Engineering, Lunghwa University of Science and Technology | • Director, Min Aik Technology Co., Ltd.<br>• Chairman, Zhen-Long Investment Co., Ltd.<br>• Chairman, Hongpai Industrial Co., Ltd.<br>• Chairman, Chint Asset Management Co., Ltd.<br>• Chairman, Hosa International Co. | - | - | - | |
| Director | Beacon Investments Limited | Malaysia | - | 100.12.20 | 109.05.15 | 3 | 25,375,763 | 32.96 | 24,718,763 | 32.10 | 0 | 0 | 0 | 0 | - | - | - | - | - | |
| | Representative: Jin, Bor-Shi | R.O.C | Male 61~70 | 107.12.04 | 109.05.15 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | • Master of Business Administration, New York University, USA<br>• Managing Director of Leon Capital Management Co., Ltd.<br>• Vice President, Citibank | - | - | - | - | |
| | Representative：Kuo, Yao-Wen | R.O.C | Male 51~60 | 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<br>• Managing Director of Leon Capital Management Co., Ltd.<br>• Vice President, Citibank | • Independent Director, Audit Committee and Remuneration Committee of MEGA International Development Co.,Ltd. | - | - | - | |
| Independent Director | Chen, John-Sea | R.O.C | Male 61~70 | 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<br>• Ph.D. in Materials Science, University of Southern California, USA<br>• Researcher, Rockwell Scientific Center, USA<br>• Co-founder and General Manager of Hexawave, Inc.<br>• Deputy General Manager and Spokesperson of Etron Technology, Inc.<br>• General Manager of CMSC, Inc. | • Chairman and CEO of CMSC, Inc.<br>• Chairman of Logos Electronics, Inc.<br>• Director of Art Analog, Inc.<br>• Independent Director, Audit Committee and Remuneration Committee of GNT Biotech & Medicals Corporation | - | - | - | |

| Title | Name | Nationality or Place of Registration | Gender Age | 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 | |
| Independent Director | Sun, Chu-Wei | R.O.C | Male 51~60 | 109.05.15 | 109.05.15 | 3 年 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | • Auditor of RSM Taiwan<br>• Deputy Leader of Audit Department of Deloitte<br>• Supervisor of Tien Liang BioTech Co., Ltd.<br>• Independent Director of Taishan Enterprise Co., Ltd.<br>• Independent Director of SanDi Properties Co., Ltd. | • Head of Baiqi Certified Public Accountants<br>• Member of the Public Relations Committee of the Taipei Association of Accountants<br>• Independent Director, Audit Committee and Remuneration Committee of Apex Material Technology Corp. | - | - | - | |
| Independent Director | Chung, Kai-Hsun | R.O.C | Male 41~50 | 109.05.15 | 109.05.15 | 3 年 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | • Master of Law, Taipei University<br>• Partner Lawyer of AY Commercial Law Offices<br>• Lecturer, School of Law and Business, Soochow University<br>• Lawyer of Ernst & Young Law Firm<br>• Lawyer of Taiwan International Patent & Law Office<br>• Lawyer of RootLaw Firm<br>• Staff of the Legal Affairs Office of the Trade Investigation Committee of the Ministry of Economic Affairs | • Senior Consultant 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.

### 3.2.1.1 Major shareholders of the institutional shareholders

2023/5/5

| Name of Institutional Shareholders | Major Shareholders |
|---|---|
| Min Aik Technology Co., Ltd. | Chen-Source Inc. (2.04%), Yang, Jun-Yi (1.61%), Chia, Kin-Heng (1.52%), Zhen-Long Investment Co., Ltd. (1.47%), Koh Soe Khon (1.45%), Taipei Fubon Commercial Bank Entrusted Property Account (1.39%), Hong-Yu Social Welfare Charitable Trust Fund (1.08%), Lgt Bank (Singapore) Ltd. (0.80%), Yang, Jin-Song (0.75%), J.P. Morgan Securities Plc (0.52%) |
| Beacon Investments Limited (Malaysia) | Alpha Option Investments Limited (B.V.I) (100%) |

### 3.2.1.2 Major shareholders of the Company's major institutional shareholders

2023/5/5

| 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%) |

### 3.2.2 Disclosure of the professional qualifications of directors and the independence of independent directors

2023/5/5

| Criteria / Name | Professional qualifications and experience | Independence situation | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Chia, Kin-Heng | Graduated from the Nanyang University Business School, Singapore, and served as the Senior Purchasing Assistant of Singapore Baigong Electric Appliance Co., Ltd., the Senior Director of Miniscribe Co., Ltd., the Senior Materials Manager of Leica Instrument Pte. Ltd., the Senior Associate of Materials Department of Western Digital (S)Pte. Ltd., the Vice President of Far East Region of Corner Co., Ltd., the Vice President of Materials and Production Planning Department of Maxtor Peripherals (S) Pte. Ltd. He is currently the Chairman and CEO of Min Aik Technology Co., Ltd.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act. | | 0 |
| Chang, Lung-Ken | Graduated from the Mechanical Engineering Department of Lunghwa University of Science and Technology.<br>He currently serves as the Chairman of Zhen-Long Investment Co., Ltd., the Chairman of Hongpai Industrial Co., Ltd., the Chairman of Chint Asset Management Co., Ltd., the Chairman of Hosa International Co. and the representative of the director of Min Aik Technology Co., Ltd.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act. | | 0 |
| Jin, Bor-Shi | Graduated from New York University and obtained a master's degree in business administration. He was the vice president of Citibank and the managing director of Leon Capital Management Co., Ltd., with experience in finance and investment.<br>Since December 2018, he has served as the representative of the company's legal person director and served as the Chairman of the board of directors of the company.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act. | | 0 |
| Kuo, Yao-Wen | Graduated from the University of Chicago with a master's degree in business administration, served as vice president of Citibank and managing director of Leon Capital Management Co., Ltd., with experience in finance and investment. Since 2001, he has served as the representative of the company's legal person director for 4 sessions. He is currently the independent director, audit committee and compensation committee of MEGA International Development Co.,Ltd.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act. | | 1 |

| Criteria / Name | Professional qualifications and experience | Independence situation | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Chen, John-Sea | Graduated from the Department of Materials Science and Engineering, National Tsinghua University, and obtained a Ph.D. in Materials Science from the University of Southern California, USA.<br>He has served as a researcher at Rockwell Scientific Center, Co-founder and General Manager of Hexawave, Inc. Deputy General Manager and Spokesperson of Etron Technology, Inc. and General Manager of CMSC, Inc. etc.<br>He is currently the Chairman and CEO of CMSC, Inc. , Chairman of Logos Electornics, Inc., Director of Art Analog, Inc. and the independent director, audit committee and compensation committee of GNT Biotech & Medicals Corporation.<br>He has more than 30 years of work experience in business, legal, financial, accounting or corporate business.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act. | The following conditions must be met during the two years prior to the election and during the term of office:<br>(1) Not an employee of the Company or any of its affiliates.<br>(2) Not a director or supervisor of the Company or any of its affiliates.<br>(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:<br>None of the three independent directors and the above-mentioned persons hold any shares of the company.<br>(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.<br>(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. | 1 |
| Sun, Chu-Wei | Graduated from the Accounting Department of Tamkang University and obtained an accountant certificate. Currently, he is the head of Baiqi Certified Public Accountants and a member of the Public Relations Committee of the Taipei Association of Accountants.<br>He has served as an Assistant Professor in the Accounting Department of Tamkang University, an Auditor of RSM Taiwan, the Deputy Leader of Audit | | 1 |

<table>
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<td></td>
<td>Department of Deloitte, a supervisor of Tien Liang BioTech Co., Ltd., an Independent Director of Taishan Enterprise Co., Ltd., an Independent Director of SanDi Properties Co., Ltd., with more than 25 years of financial and accounting work experience.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act.</td>
<td rowspan="2">(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.<br>(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.<br>(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.<br>(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:<br>None of the three independent directors provided audit services, and they did not receive any remuneration for the above-mentioned services in the last two years<br>(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.<br>(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</td>
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<tr>
<td>Chung, Kai-Hsun</td>
<td>Graduated from the Law Institute of Taipei University and obtained the certificate of lawyer and patent attorney.<br>Currently, he is a senior consultant lawyer of AY Commercial Law Offices. He has served as a lecturer at the School of Law and Business of Soochow University, a lawyer at Ernst & Young Law Firm/Taiwan International Patent & Law Office / RootLaw Firm, and a staff member of the Legal Office of the Trade Investigation Committee of the Ministry of Economic Affairs.<br>He specializes in civil and commercial law, intellectual property law and labor law, and has more than 20 years of legal work experience.<br>There is no any of the circumstances in the subparagraphs of article 30 of the Company Act.</td>
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### 3.2.3 Diversity and independence of the board:

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, law and the field in which the company engages its business.

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 2 Independent Directors are appointed for a period of 2 years, 1 Independent Director is appointed for a period of 5 years; The 4 directors are between 61 and 70 years old, 2 directors are between 51 and 60 years old, 1 director is between 41 and 50 years old, the average age of all directors is about 60 years old. There are no spouses or relatives within the second degree of kinship among the 7 directors

The members of the board of directors of the Company implement the diversity policy and specific management objectives are as follows:

| Diversity items / Name | Nationality | Gender/Age | Term (years) of independent directors | 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 | Industry experience / Professional ability |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chia, Kin-Heng | Singapore | Male / 61~70 | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Hard Disk and Peripheral Industry |
| Chang, Lung-Ken | R.O.C | Male / 61~70 | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Jin, Bor-Shi | R.O.C | Male / 61~70 | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Finance Invest |
| Kuo, Yao-Wen | R.O.C | Male / 51~60 | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Chen, John-Sea | R.O.C | Male / 61~70 | 6 | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Technology industry |
| Sun, Chu-Wei | R.O.C | Male / 51~60 | 3 | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | Accounting |
| Chung, Kai-Hsun | R.O.C | Male / 41~50 | 3 | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | Law |

| Diversification | Specific management goals | Achievement |
|---|---|---|
| Gender | At least one female director | |
| Expertise or Background | At least one qualified accountant | ✓ |
| | At least one qualified lawyer | ✓ |

### 3.2.4 Management Team

2023/5/5

| 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 | 800,022 | 1.04% | 67,000 | 0.09% | 0 | 0 | • Bachelor of Science, St. John University of Technology<br>• Sanyo Audio Machinery Development Engineer<br>• Vice General Manager, Manufacturing Department, Min Aik Technology Co., Ltd.<br>• Director of Min Aik Precision Industry Co., Ltd. | • Director of MAP Plastics Pte. Ltd. (Singapore)<br>• Chairman and General Manager of Amould Plastic Technology (Suzhou) Co., Ltd.<br>• Director of Evolution Holdings Limited<br>• CEO of MAP Technology Holdings Pte. Ltd.<br>• 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<br>• Purchasing Director of Qiming Machinery Co., Ltd. | • Director of Amould Plastic Technology (Suzhou) Co., Ltd.<br>• 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<br>• Chongshi United Certified Public Accountants auditor<br>• Min Aik Technology Co., Ltd. Accounting | • Supervisor of Amould Plastic Technology (Suzhou) Co., Ltd. | - | - | - |
| Assistant Vice President of Technical Manufacturing Division and Product Development Division | R.O.C | Chen, Chin-Tung | Male | 2020.11.06 | 8,882 | 0.01% | 0 | 0 | 0 | 0 | • Master of Chemical Engineering and Materials Science, Yuan Ze University<br>• Deputy Section Chief of Unimicron Technology Corp.<br>• R&D Engineer of Microbase Technology Corp.<br>• QC Engineer of Min Aik Technology Co., Ltd. | - | - | - | - |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assistant Vice President of Sales Division | R.O.C | Li, Chung-Hsien | Male | 2020.11.06 | 20,035 | 0.03% | 0 | 0 | 0 | 0 | • Department of Economics, University of Toronto<br>• Customer Service of IPC Canada Ltd.<br>• Factory Assistant of Hong Yang Industrial Co., Ltd.<br>• Sales Supervisor of Min Aik Technology Co., Ltd.<br>• Sales Deputy Manager of Min Aik Technology (Suzhou) Co., Ltd. | • Director of Amould Plastic 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<br>• 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<br>• 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 | | | | | | | | Total Remuneration (A+B+C+D) and percentage of net income (%) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Total Remuneration and percentage of net income (%) (A+B+C+D+E+F+G) and percentage of 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 | 1,680 | 1,680 | 0 | 0 | 968 | 968 | 25 | 25 | 2,673 1.65% | 2,673 1.65% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,673 1.65% | 2,673 1.65% | None |
| Director | Min Aik Technology Co., Ltd. Representative: Chang, Lung-Ken | 720 | 720 | 0 | 0 | 968 | 968 | 20 | 20 | 1,708 1.06% | 1,708 1.06% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,708 1.06% | 1,708 1.06% | None |

| | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Director | Beacon Investments Limited Representative: Jin, Bor-Shi | 720 | 720 | 0 | 0 | 968 | 968 | 20 | 20 | 1,708<br>1.06% | 1,708<br>1.06% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,708<br>1.06% | 1,708<br>1.06% | None |
| Director | Beacon Investments Limited Representative: Kuo, Yao-Wen | 720 | 720 | 0 | 0 | 968 | 968 | 10 | 10 | 1,698<br>1.05% | 1,698<br>1.05% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,698<br>1.05% | 1,698<br>1.05% | None |
| Independent Director | Chen, John-Sea | 840 | 840 | 0 | 0 | 968 | 968 | 5 | 5 | 1,813<br>1.12% | 1,813<br>1.12% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,813<br>1.12% | 1,813<br>1.12% | None |
| Independent Director | Sun, Chu-Wei | 840 | 840 | 0 | 0 | 968 | 968 | 20 | 20 | 1,828<br>1.13% | 1,828<br>1.13% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,828<br>1.13% | 1,828<br>1.13% | None |
| Independent Director | Chung, Kai-Hsun | 840 | 840 | 0 | 0 | 968 | 968 | 15 | 15 | 1,823<br>1.13% | 1,823<br>1.13% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,823<br>1.13% | 1,823<br>1.13% | 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 (For example, serving as a consultant for the parent company or all companies or reinvested enterprises in the financial report that are not employees, etc.): None

### 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) | | | | Total Remuneration (A+B+C+D) and percentage of 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 | 203 | 203 | 4,025 | 4,025 | 1,542 | 0 | 1,542 | 0 | 9,970<br>6.16% | 9,970<br>6.16% | None |

### 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 | 6,494 | 6,494 | 4.01 |
| Assistant Vice President | Hsieh, Hsiu-Lan | | | | |
| Assistant Vice President | Chen, Chin- Tung | | | | |
| Assistant Vice President | Li, Chung- Hsien | | | | |
| 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 | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 6,880 | 7.71% | 6,880 | 7.71% | 13,251 | 13,251 | 8.19% | 8.19% |
| General Manager and Vice General Manager | 7,621 | 8.54% | 7,621 | 8.54% | 9,970 | 9,970 | 6.16% | 6.16% |
| Total | 14,501 | 16.25% | 14,501 | 16.25% | 23,221 | 23,221 | 14.35% | 14.35% |

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

**Director remuneration:**

In addition to the transportation fee, the directors of the Company are entitled to fixed remuneration each month, the amount of which shall be discussed and determined by an authorized remuneration committee and the board of directors based on their involvement and contribution scale, along with the standard pay of the industry. The individual directors' annual performance assessment shall be held for reference. Furthermore, an amount of no more than 3% of the annual profit shall be set aside as directors' rewards pursuant to the Articles of Association of the Company, where the detailed distribution of the reward shall be calculated based on the provisions of the Remuneration Payment Guidelines for Directors and Functional Committee Members and then presented to the remuneration committee and the board of directors for resolution prior to distribution.

**Manager remuneration:**

The package includes fixed salary, year-end bonus, and an amount of 3%-9% of the annual profit set aside as employee reward pursuant to the Articles of Association. The fixed salary is evaluated based on industrial standards, position, job rank, education background, work experiences, professionalism, and job scope; the bonus and employee reward take into consideration the manager’s performance, including annual budget achievement, personal KPI, and individual professionalism, as well as behavior and conduct. The procedures of Administrative Measures for Salary and Remuneration of Managers and Guidelines Governing Manager Performance Assessment are followed when the remuneration committee offers suggestions regarding distribution principles and details, and from there it is submitted to the board of directors for resolution.

## 3.4 Implementation of Corporate Governance

### 3.4.1 Board of Directors

The board of directors met for 5 times (A) in the latest year (2022). 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 | 5 | 0 | 100% | |
| Director | Min Aik Technology Co., Ltd. Representative: Chang, Lung-Ken | 5 | 0 | 100% | |
| Director | Beacon Investments Limited Representative: Jin, Bor-Shi | 5 | 0 | 100% | |
| Director | Beacon Investments Limited Representative: Kuo, Yao-Wen | 4 | 1 | 80% | |
| Independent Director | Chen, John-Sea | 5 | 0 | 100% | |
| Independent Director | Sun, Chu-Wei | 5 | 0 | 100% | |
| Independent Director | Chung, Kai-Hsun | 5 | 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) On January 19, 2022, the 13th meeting of the 9th board of directors discussed the proposal to adjust the chairman's salary. Since this discussion involved Chairman Chia, Kin-Heng, 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 case was passed after voting by the directors present.

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 | 2022.01.01 to 2022.12.31 | 1. Board<br>2. Individual directors<br>3. Functional committees | Self-evaluation of the Board, committees, and directors | Note 1 |
| At least once every three years | 2022.01.01 to 2022.12.31 | 1. Board<br>2. Individual directors<br>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, through 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 5 times (A) in the latest year (2022). 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 | 5 | 0 | 100% | |
| Independent Director | Sun, Chu-Wei | 5 | 0 | 100% | |
| Independent Director | Chung, Kai-Hsun | 5 | 0 | 100% | |

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, the independent directors' objections, reservations or major recommendations, 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/Session of Audit Committee | Content of Proposal | The independent directors' objections, reservations or major recommendations | Resolution of Audit Committee | The Company's response |
|---|---|---|---|---|
| 2022.01.19<br>The 13th meeting of the 3rd Session | 1. Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd.<br>2. Approved the purchase of production equipment. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 2022.03.11<br>The 14th meeting of the 3rd Session | 1. Approved the business report, individual financial report, and consolidated financial report of the company for 2021.<br>2. Approved the appointment and remuneration of the auditing CPA for 2022.<br>3. Approved the proposal of distributing earnings of 2021.<br>4. Approved the proposal of cash distribution from the capital reserve.<br>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.<br>6. Approved Esteem King Limited for cash reduction.<br>7. Approved the declaration for internal control system of the company for 2021. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 2022.05.06<br>The 15th meeting of the 3rd Session | 1. Approved the Company's consolidated financial quarter report for Q1 2022. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 2022.08.05<br>The 16th meeting of the 3rd Session | 1. Approved the Company's consolidated financial quarter report for Q1 2022.<br>2. Approved the endorsement and guarantees provided for Esteem King Limited.<br>3. Approved the lease renewal case of Amould Plastic Technologies (Suzhou) Co., Ltd. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |

| Date/Session of Audit Committee | Content of Proposal | The independent directors' objections, reservations or major recommendations | Resolution of Audit Committee | The Company's response |
|---|---|---|---|---|
| 2022.11.04 The 17th meeting of the 3rd Session | 1. Approved the Company's consolidated financial quarter report for Q3 2022.<br>2. Change of the Company's Financial Reporting Certified Public Accountant.<br>3. Approved the Certified Public Accountant Independence Assessment case.<br>4. Approved the annual audit plan of the company for 2023.<br>5. Approved the proposal of amendment to the "Internal Control System" of the company. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 2022.01.16 The 18th meeting of the 3rd Session | 1. Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd.<br>2. Approved the proposal for Esteem King Limited to lend funds to the Company. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 2022.03.17 The 19th meeting of the 3rd Session | 1. Approved the business report, individual financial report, and consolidated financial report of the company for 2022.<br>2. Formulate the "Accountants' Independence and Competence Evaluation Measures".<br>3. Approved the appointment and remuneration of the auditing CPA for 2023.<br>4. Approve the 2023 Certified Public Accountant Offering of Non-Conviction Services.<br>5. Approved the proposal of distributing earnings of 2022.<br>6. Approved the declaration for internal control system of the company for 2022. | None | It was approved unanimously by all members of the Audit Committee. | The BOD agrees with the resolution of the Audit Committee. |
| 112.05.05 The 20th meeting of the | 1. Approved the Company's consolidated financial quarter report for Q1 2023. | None | It was approved unanimously by all members of the Audit | The BOD agrees with the resolution of the Audit Committee. |

| Date/Session of Audit Committee | Content of Proposal | The independent directors' objections, reservations or major recommendations | Resolution of Audit Committee | The Company's response |
|---|---|---|---|---|
| 3rd Session | 2. Approval of the company holding 100% subsidiary Evolution Holdings Limited (HK) liquidation proposal | | 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 | Focus of communication | Communication Situation and Results |
|---|---|---|---|---|
| 2022.01.19 | Audit Committee | Head of audit | 1. Report on the implementation of the audit plan for the period from September to October 2021. | No comments and suggestions |
| 2022.03.11 | Audit Committee | Head of audit<br>Auditing CPA | 1. Report on the implementation of the audit plan for the period from December 2021 to January 2022.<br>2. Discuss the 2021 Internal Control System Statement.<br>3. Review of the 2021 annual financial report. | No comments and suggestions |

| Date | Method of communication | Person to communicate with | Focus of communication | Communication Situation and Results |
|---|---|---|---|---|
| 2022.04.22 | Meeting on discussion | Head of audit | 1. Report on the implementation status of the audit plan from February to March 2022.<br>2. Report related party transactions. | No comments and suggestions |
| 2022.05.06 | Audit Committee | Head of audit Auditing CPA | 1. Report on the results of auditing business execution from February to March 2022.<br>2. Review of the Company's Q1 2022 financial report. | No comments and suggestions |
| 2022.07.21 | Video conference | Head of audit | 1. Report on the implementation status of the audit plan from April to May 2022.<br>2. Report related party transactions.<br>3. Report on the operating status of subsidiaries. | No comments and suggestions |
| 2022.08.05 | Audit Committee | Head of audit Auditing CPA | 1. Report the results of auditing business execution from April to May 2022.<br>2. Review of the Company's Q2 2022 financial report. | No comments and suggestions |
| 2022.09.16 | Meeting on discussion | Head of audit | 1. Report on the implementation status of the audit plan from June to August 2022.<br>2. Report on the operating status of subsidiaries. | No comments and suggestions |
| 2022.11.04 | Audit Committee | Head of audit Auditing CPA | 1. Report on the results of auditing business execution from June to August 2022.<br>2. Review of the Company's Q3 2022 financial report. | No comments and suggestions |

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 5 meetings in 2022, 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. Appointment and remuneration of CPAs, and periodic assessment of their independence and competence.
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<br>(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. | None |
| (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. | |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| (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 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) Does the company establish internal rules against insiders trading with undisclosed information? | ✓ | | (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<br>(1) Does the Board develop and implement a diversified policy and specific management objectives? | ✓ | | (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, | 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 | |
| | | | accounting, law and the field in which the company engages its business. The board of directors of the company to implement the diversity policy and specific management objectives as follows (Page 16). | |
| (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 remuneration committee and audit committee in accordance with applicable laws. 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) As per the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", our company evaluates the independence and suitability of the appointed accountant concerning the audit quality index (AQI) at least once a year. We also refer to the "Audit Quality Indicators (AQI)" issued by the Financial Supervisory Commission and the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10 the "Independence of Inspection and Review" to formulate the "Certifying | |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | Accountant Independence and Competency Assessment Method" for our company.<br>Before our company appoints certified public accountants for 2023, it will evaluate the certified public accountants as per the audit quality index (AQI) issued by the accounting firm and the accountant independence and competence assessment form stipulated in the company's "certified accountant independence and competence assessment method". After independence and eligibility are satisfied, the evaluation results will be submitted to the Audit Committee and the Board of Directors on March 17, 2023, to approve the appointment and remuneration of accountants. | |
| 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 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 | |
| 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 Securities Co., Ltd. " to deal with affairs relating to shareholders' meetings. | None |
| 7. Information Disclosure<br>(1) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?<br><br>(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)? | <br>✓<br><br><br><br>✓ | | <br>(1) The company has established a website to disclose its financial business and governance information.<br><br><br><br>(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. | 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 | |
| (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 customer relations policies, and purchasing insurance for directors and supervisors)? | ✓ | | Information relating to governance of the company is as follows:<br>(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.<br>(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.<br>(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. | 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 | |
| | | | (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.<br><br>(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. (Note 3)<br><br>(6) Performance of Risk Management Policy and Risk Evaluation Standards: The company conducts risk management and evaluation in accordance with internal regulations to control risks.<br><br>(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. | |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | (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 this year's Corporate Governance Assessment were better than those of the previous year, and in the future, in addition to prioritizing the enhancement of information transparency and the implementation of corporate social responsibility, we will also strive to meet the requirements of various new indicators. | None |

Note 1: The independence and competence assessment items of accountants:

A. As per the AQIs provided by KPMG in Taiwan to assess the independence and suitability of the firm and accountants:

(1) Professionalism: review experience, training hours, turnover rate, professional support
(2) Quality control: accountant load, audit investment, EQCR review status, quality control support capability
(3) Independence: public fees for non-audit services, customer familiarity
(4) Supervision: lack of external inspection and punishment - the competent authority issued a letter for improvement
(5) Innovative capability: innovation planning or initiative

B. Refer to Article 47 of the Certified Public Accountant Act and the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10 evaluation indicators:

(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) The auditing CPA does not represent the company to defend in a legal case of a third party or any other dispute.
(12) The auditing CPA does not promote or introduce stocks or securities issued by the company.
(13) The auditing CPA does not receive valuable gifts or special preference from the company or any of its directors, supervisors, managers or main shareholders.
(14) Neither the auditing CPA nor the members of the audit service team temporarily take care of money on behalf of the company.
(15) Whether the certified accountant has complied with the regulations for independence stipulated in the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10 and obtained the "Statement of Independence" issued by the certified accountant.
(16) Whether the quality and timeliness of accounting, auditing, and taxation services meet the company's needs.
(17) Whether the accountant regularly takes the initiative to update the company on the tax and securities management laws and applicable regulations of the new standards.
(18) Whether the accountant assists in communication and coordination with the competent authority.
(19) Whether the accountant has appropriate interaction with the audit committee and keeps records before the audit planning and issuance of audit opinions.

Note 2：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 of matters relating to board of directors meetings and shareholders meetings in compliance with law;
B. Preparation of minutes of the board of directors meetings and shareholders meetings;
C. Assistance in onboarding and continuing education of the directors;
D. Provision of information required for performance of duties by the directors;
E. Assistance in the directors' compliance of law;
F. Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure;
G. Handle matters related to the change of directors; and
H. Other matters described or established in the articles of incorporation or under 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) 2022 Corporate Governance Officer training records:

| Name | Study Date | Sponsoring Organization | Course | Training hours | Annual training hours |
|---|---|---|---|---|---|
| Hsiao, Chia-Ling | 2022/05/12 | Taiwan Stock Exchange Corporation、Alliance Advisors、Taiwan Corporate Governance Association | International Twin Summit online forum | 2 | 14 |
| | 2022/07/20 | Taiwan Corporate Governance Association | Board and Functional Committee Performance Evaluation Seminar | 3 | |
| | 2022/08/22 | Accounting Research and Development Foundation | How to Effectively Make Good Use of the Functions of CGO and the Managers' Legal Responsibilities | 3 | |
| | 2022/10/19 | Taiwan Corporate Governance Association | 2022 Corporate Governance Summit XVIII-Improve the functions of directors and implement the company's sustainable management | 6 | |

Note 3：2022 Directors' training records:

| Name | Study Date | Sponsoring Organization | Course | Training hours | Annual training hours |
|---|---|---|---|---|---|
| Chia, Kin-Heng | 2022/10/19 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | 6 |
| | 2022/10/28 | Securities & Futures Institute | 2022 Insider Trading Prevention Promotion Conference | 3 | |
| Chang, Lung-Ken | 2022/10/19 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | 6 |
| | 2022/10/28 | Securities & Futures Institute | 2022 Insider Trading Prevention Promotion Conference | 3 | |
| Jin, Bor-Shi | 2022/10/05 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | 6 |
| | 2022/10/14 | Securities & Futures Institute | 2022 Insider Trading Prevention Promotion Conference | 3 | |
| Kuo, Yao-Wen | 2022/10/05 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | 9 |
| | 2022/11/13 ~14 | Taiwan Stock Exchange Corporation | 2022 Cathay Sustainable Finance and Climate Change Summit | 6 | |
| Chen, John-Sea | 2022/07/15 | Taiwan Corporate Governance Association | Crisis Response in the Face of False Reporting | 3 | 6 |
| | 2022/09/23 | Taiwan Corporate Governance Association | Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains | 3 | |

| Name | Study Date | Sponsoring Organization | Course | Training hours | Annual training hours |
|---|---|---|---|---|---|
| Sun, Chu-Wei | 2022/05/19 | Securities & Futures Institute | Introduction and case analysis of short-term trading of company insiders | 3 | 6 |
| | 2022/10/12 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | |
| Chung, Kai-Hsun | 2022/10/11 | Taiwan Stock Exchange Corporation & TPEx | Release Conference 2022: Reference guide for Independent Director and Audit Committee | 3 | 9 |
| | 2022/10/26 | Securities & Futures Institute | 2022 Insider Equity Transaction Legal Compliance Publicity Briefing | 3 | |
| | 2022/11/11 | Taiwan Corporate Governance Association | Trade Secret Protection and Fraud Detection Practice | 3 | |

### 3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information on Members of the Remuneration Committee

| Title | Criteria / Name | Professional qualifications and experience | Independence situation | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|---|
| Convener Independent Director | Chung, Kai-Hsun | Please refer to page 13-16 for information on directors | | 0 |
| Independent Director | Sun, Chu-Wei | | | 1 |
| Independent Director | Chen, John-Sea | | | 1 |

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 2021, 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 |
|---|---|---|---|---|---|
| Convener Independent Director | Chung, Kai-Hsun | 5 | 0 | 100% | |
| Independent Director | Sun, Chu-Wei | 5 | 0 | 100% | |
| Independent Director | Chen, John-Sea | 5 | 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. 2022.03.11 The 14th meeting of the 9th Session
proposal: Discuss the setting plan of key performance indicators for managers in 2022.
Resolution: The proposal was approved by the Board of Directors after voting.
Opinion response: Approval by vote as some directors oppose the case.

B. 2022.08.05 The 16th meeting of the 9th Session
proposal: Discuss the 2021 Manager Compensation Distribution Proposal.
Resolution: The proposal was approved by the Board of Directors after voting.
Opinion response: Approval by vote as some directors oppose the case.

C. 2023.01.16 The 18th meeting of the 9th Session
proposal: Discuss the performance appraisal of managers in 2022 and the payment of year-end bonuses.
Resolution: The proposal was approved by the Board of Directors after voting.
Opinion response: Approval by vote as some directors oppose the case.

(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: None.

(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 |
|---|---|
| 2022.01.19<br>The 9th meeting of the 4th Session | 1. Approved the 2021 manager performance appraisal and annual bonus payment proposal.<br>2. Promotion and Salary Adjustment of Managers of the Company and Subsidiaries.<br>■ Resolution: Approved by all members.<br>■ Opinion response: Agree and implement the committee's resolutions.<br>3. Discuss the proposal to adjust the chairman's salary.<br>■ Resolution: Proposals to the Board of Directors by the convener personally.<br>■ Opinion response: This proposal was approved by the Board of Directors after voting. |
| 2022.03.11<br>The 10th meeting of the 4th Session | 1. Approved the distribution of employees' and directors' compensation in 2021.<br>■ Resolution: Approved by all members.<br>■ Opinion response: Agree and implement the committee's resolutions.<br>2. Approved the KPI of managers for 2022.<br>■ Resolution: Approved by all members.<br>■ Opinion response: This proposal was approved by the Board of Directors after voting. |

| Date/Term | Content of Proposal, Resolution of Remuneration Committee, and How the company Dealt With it Subsequently |
|---|---|
| 2022.08.05<br>The 11th meeting of the 4th Session | 1、Approved the salary increase proposal for the manager of the subsidiary MAP Plastic Pte. Ltd.<br>2、Approved the proposal for the distribution of directors' remuneration in 2021.<br>■ Resolution: Approved by all members.<br>■ Opinion response: Agree and implement the committee's resolutions.<br>3、Approve the proposal for managers to allocate employee compensation for 2021.<br>■ Resolution: Approved by all members.<br>■ Opinion response: This proposal was approved by the Board of Directors after voting. |
| 2023.01.16<br>The 12th meeting of the 4th Session | 1、Approval the proposal for 2022 employee remuneration and director remuneration appropriation ratio proposal.<br>2、Approved the salary increase proposal for the manager of the subsidiary Amould Plastic Technologies (Suzhou) Co., Ltd.<br>■ Resolution: Approved by all members.<br>■ Opinion response: Agree and implement the committee's resolutions.<br>3、Approve the proposal for 2022 manager performance appraisal and year-end bonus payment.<br>■ Resolution: Approved by all members.<br>■ Opinion response: This proposal was approved by the Board of Directors after voting. |
| 2023.03.17<br>The 13th meeting of the 4th Session | 1、Approved the distribution of employees' and directors' compensation in 2022.<br>2、Approved the KPI of managers for 2023.<br>■ Resolution: Approved by all members.<br>■ Opinion response: Agree and implement the committee's resolutions. |

### 3.4.5 The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| 1. Does the company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors? | ✓ | | 1. In 2020, the Social Responsibility Performance Team was established by the Operating Service Division to SA 8000 (Social Accountability 8000 International standard). To incorporate corporate social responsibility into the Company's business strategy, the Team includes the General Manager as the Chairperson, the management personnel of the Department of Business in charge of management, and the management personnel of each department as a member to each system in accordance with their respective expertise.<br>2. The Operation Service Division integrates and bridges vertical and horizontal communication, pinpointing topics of concern for both clients and stakeholders across annual key tasks as the guidelines for execution throughout the year. The execution status is monitored at least quarterly, while environmental sustainability and the execution outcome of social responsibility are reported to the Board of Directors at year's end to ensure key tasks and achievement.<br>3. Each year, the internal audit and management review inspects the practice of all improvement measures, with at least a management review meeting to track Company health, safety, environment, risk identification and improvement, hygiene, welfare, normal equipment, system and other employee- related matters.<br>4. The Company has been certified as an Environmental Management System (ISO14001), ISO 45001 Occupational Health and Safety Management Systems (OH&SMS), RBA (Responsible Business Alliance), and SA 8000 (Social Accountability 8000 International standard) and is active in social responsibility, environment protection, and public benefit activities. While developing our business, we stand by the environment, occupational safety, | None |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | corporate governance, and social responsibility, among other topics. | |
| 2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | ✓ | | 1. Risk identification and assessment is performed once a year by Social Accountability 8000 International standard, which is joined by related units and departments. The assessment results lead to strategies for improvement and monitoring. Furthermore, the internal audit and management review once a year confirms the progress of each improvement measure.<br>2. The risk assessment for operation related topics is conducted pursuant to the materiality of Corporate Social Responsibility, followed by risk management policy adoption according to the risks assessed (See Table 1).<br>3. The disclosed information covers our achievements with regard to environmental sustainability from January to December of 2022; the boundary of risk assessment focuses on the precision metal stampings of our business. | None |
| 3. Environmental issues<br>(1) Does the company establish proper environmental management systems based on the characteristics of their industries? | ✓ | | 1. The main process of the Company is precision metal stampings and surface treatment. By effectively identifying potential environmental pollution that may be caused through the process, an appropriate environment management solution was proposed and the company environment management system established in order to execute the system and ensure legal compliance by our dedicated personnel of the Environmental Engineering Department.<br>2. To strengthen the process and environment safety management, the Company adopted effective management in accordance with management system and regulations, and every pollution facility installation and discharge permit abides by relevant laws and regulations. Furthermore, the PDCA cycle is implemented to successfully reduce the impact made to the environment by polluted air, sewage, waste, and toxicity.<br>3. The Company became a certified Environmental Management System (ISO14001) in 2009; its latest certificate is valid from 2021.11.03 through | None |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | 2024.10.10. | |
| (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? | ✓ | | 1. The Company has a system for sorting garbage and a dedicated place for recycling. Papers are recycled and reused, and we encourage reusable food ware. Our paperless movement helps reduce impact on the environment.<br>2. Wastewater recycling equipment has been installed to reduce water usage and the load wastewater places on the natural environment. The target is to recycle more than 10,000 tons of used water.<br>3. Regarding energy use, no effort was spared for saving electricity. From energy saving lighting to smart electric meters in selected areas, energy consumption is minimized with our eco-friendly measures.<br>4. Natural gas has replaced boiler fuel since the end of 2019 as part of the company's energy efficiency enhancement policy. With the same heating value but fewer CO2 emissions, GHG volume has been continuously examined every year since then. Compared with the reference year, 2019, where 7,901 tons of CO2 was emitted, a total of 1,578.74 tons of CO2 was emitted from 2020 to 2022. In the future, continuous carbon reduction will be an annual goal. | |
| (3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues? | ✓ | | 1. Within the structure of the S H E (Safety, Health, and Environment) management system, in each department, the personnel implementing the system must review any changes in the internal and external environment and Company products, activities, and service flow via annual management review meetings and perform risk identification based on the analysis of internal and external S H E risks and opportunities that may affect the company management system's operation. Quantitative scoring is made against the impact and urgency to the Company in accordance with Internal and External Topics Scoring Criteria to locate material topics.<br>2. As a result of such assessment, countermeasures were taken on the topics of Greenhouse Gas Management, pollution and wastes, energy saving, and | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | carbon reduction to improve performance through personnel training, reduction from sources, water quality investigation, improvement assessment, and recycle tests and examination.<br>3. In response to climate change and in line with government policies, the company invested resources to hire external experts to guide and train representatives of various departments to become greenhouse gas inventory seed personnel, so as to thoroughly understand the sources and data of greenhouse gas emissions of their respective departments, as a reference for subsequent planning and reduction directions . | |
| (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? | ✓ | | The main statistical boundary of the Company is precision metal stamping. The GHG volume has been disclosed on the Company's website for the past two years. Waste reduction, wastewater recycling and reuse, and steam reuse are all a part of the policy contributing to environmental protection.<br>1. GHG: At the end of 2019, an energy efficiency enhancement policy was carried out, with natural gas replacing boiler fuel, with 39.7% $CO_2$ reduction as a yearly goal. The statistics below show the GHG volume emitted by the Company in the past two years.<br>■ Scope 1:2021: 1,535 tons; 2022: 2,340 tons.<br>■ Scope 2: 2021: 6,397 tons; 2022: 5,852 tons.<br>■ Intensity ($CO_2$/million NT-net income): 2021: 6.93 tons; 2022:6.78 tons<br>2. Water usage: The Company started recycling wastewater years ago. Each year, we aim to recycle more than 10,000 tons of tap water for reuse. The statistics of water usage and recycling in the past two years are listed below.<br>■ Water usage: 2021: 245,658 tons; 2022: 260,753 tons<br>■ Water recycled: 2021: 16,142 tons; 2022: 10,964 tons<br>■ Intensity (water/net income (million NT): 2021: 215 tons; 2022: 216 tons<br>3. Waste: With source reduction as our original intention, the sludge drying system helps cut sludge by 57% in each batch of hazardous industrial waste. | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | The statistics below list the wastes in the past two years.<br>■ Hazardous waste volume: 2021: 166 tons; 2022: 176 tons<br>■ Non-hazardous waste volume: 2021: 312 tons; 2022: 280 tons<br>■ Intensity of hazardous wastes (wastes/net income (million NT): 2021: 0.15 tons; 2022: 0.15 tons<br>■ Intensity of non-hazardous wastes (wastes/net income (million NT): 2021: 0.27 tons; 2022: 0.234 tons<br>■ Hazardous wastes reduced: 2021: 299 tons; 2022: 309 tons | |
| 4. Social issues<br>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | ✓ | | 1. The Company opted to abide by the UN's Universal Declaration of Human Rights, follows relevant labor laws in adopting and implementing procedures, and is RBA and SA 8000 certified.<br>2. The following human rights policies have been adopted<br>■ Choice of work at free will: The Company prohibits coercion, sponsorship, or contracts to bind involuntary laborers.<br>■ Youth labor: No child laborer is employed in any part of the manufacturing process.<br>■ Work hours: Work hours are aligned with the Labor Act.<br>■ Pay and welfare: Laborers are paid according to the provisions of relevant laws and orders.<br>■ Humane treatment: Equal treatment and respect shall be given to each and every employee. No violence, verbal abuses, maltreatment, or inhuman treatment is tolerated.<br>■ Non-discrimination: The company provides equal job opportunities to job seekers and every employee, and shall not discriminate against their race, class, language, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, Facial features, disabilities, horoscope, blood type or past union membership.. | None |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | ■ Freedom of association: The Company respects employees' rights of free association and protects employees from retaliation, threats, or harassment while openly discussing work conditions with the management team.<br>3. In addition to labor and health insurance, each employee is insured with group accident insurance; an employee welfare committee is established, and labor-management coordination meetings and welfare committee meetings are regularly held to protect employees' rights and interests.<br>4. With respect to employee feedback, in addition to the employee opinion box and direct complaint line, a dedicated independent director letterbox and a phone line are in place so that employees can make direct contact with independent directors to provide their opinions on Company operation, financial status, and/or major decisions about employee -related interests and benefits. For foreign employees, regular foreign colleague communication meetings are held so that they can express their opinions.<br>5. The Company training on human rights protection is as follows. This year, the total training hours reached 1,501 hours, with 308 employees completing human rights training.<br>(1) Internal communication structure: Pre-job training for new employees includes no coercive labor or child labor, no discrimination, no harassment, work hour management, and humane treatment protection, passing down and promoting relevant laws and regulations.<br>(2) Training on unlawful infringement prevention: understand the concept of unlawful infringement and how the Company handles it.<br>(3) Series of comprehensive occupational safety training: suitable safety training associated with situations faced by different types of employees in the workplace. These training sessions include fire training, emergency reaction training, first aid training, and statutory safety | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | training, among others.<br>6. See Table 2 for the Company's Human Rights Concerned Issues and Practices. | |
| (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? | ✓ | | 1. Thorough employee welfare measures and retirement system: The off-day system is in accordance with the Labor Act. For child caring, major illness, and major incidents that require longer leave, unpaid leave is applicable to meet personal and family needs. According to the Articles of Association, 3%-9% of annual profits shall be set aside as employee compensation, reflecting business achievement on the employee remuneration package.<br>2. To secure the future living of employees, the Management Guidelines for Employee Stock Ownership Trust has been adopted, along with the employee Stock Ownership Committee, setting aside a reward amount based on the amount of members' salary withheld.<br>3. Physical examination at a regular interval and subsidies for colleagues undergoing health examinations.<br>4. We value a diversified workplace and gender equality. Women represent 50% of our employees, while 40% of senior management personnel are female.<br>5. See Labor Relationship under Operation Overview (page 113) for employee welfare measures and retirement system implementation. | |
| (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? | ✓ | | 1. The following sets out the SHE policy adopted by the Company to provide a safe and healthy working environment.<br>**Legal compliance, continuous improvement, risk minimization, training implementation, consultation and communication, energy saving and carbon reduction, health improvement**<br>2. The Company has established a S H E management system. Continuous improvement with annual validation ensures that both legal and system requirements are met. In 2020, S H E trainers of the Occupational Safety | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | Team were appointed. Representing their own departments, each trainer underwent professional training every month to become an internal lecturer in order to educate and pass down the training to their colleagues, so that safety awareness prevails. So far, 338 individuals have received training, and total training hours have reached 2,434 hours. In addition, 570 individuals have undertaken regular fire drills, evacuation, chemical spillage and leakage drills, together with personnel safety training when necessary, for a total of 454 training hours.<br>3. In addition to a safe and healthy work environment, the Company provides regular employee safety lectures and employee health examinations. Furthermore, work environment monitoring twice a year helps ensure a healthy work environment.<br>4. A total of 7 occupational accidents occurred this year, slightly higher than last year's 3. After a thorough review, the improvement included a safety interlock device on machinery, SOP amendment, and safety training across the plants to ensure employee safety.<br>5. The Company was ISO45001 (standard for occupational health and safety) certified in February 2021. The latest certificate is valid 4/2/2021-3/2/2024. | |
| (4) Does the company provide its employees with career development and training sessions? | ✓ | | The training programs for employees and their implementation are described below:<br>1. New employees receive their orientation on the day they report to the position. A total of 162 people received such training this year, with a total of 486 training hours.<br>2. Training programs are designed for all employees, and programs are implemented accordingly. A total of 840 people received such training this year, with a total of 1,645 training hours.<br>3. A total of 105 individuals received professional skills training outside the Company this year, with a total of 219 training hours. | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development 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? | ✓ | | Consumer protection, customer rights, and complaint procedures have not been adopted because the parts and components we produce are not categorized as end products. However, as specified by the provision of SA 8000, an NDA is signed and implemented to protect mutual rights and interests with regard to client privacy. For customer health and safety, all raw materials in production are compatible with RoHS requirements, and restricted substances and green assurance are explicitly defined. Environment protection related laws and orders are followed when making applications and reports regarding industrial waste disposal. | |
| (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? | ✓ | | 1. The Supplier Quality Management Procedure was adopted in conformity with ISO19001 Quality management principles, Environmental Management System (ISO14001), ISO45001 occupational safety management system, RBA, and SA8000.<br>2. With respect to environment protection and occupational safety and health, suppliers are required to commit to lowering risks to employees and stakeholders caused by processes, facilities, and activities and make every effort to create regulations that comply with standard environment and occupational safety and health management systems.<br>3. With regard to labor rights, suppliers are required to abide by national labor acts and regulations and assume respective social responsibility in order to ensure that its business operation and management activities fall under the guidance of the Company's social responsibility policy and work to minimize the risks of social responsibility. Inspection is required on child labor, forced labor, health and safety, freedom of association, right to collective | |

| Evaluation Item | Implementation Status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | bargaining, discrimination, disciplinary measures, work hours, and payment and reward, among others.<br>4. At fixed intervals, the Company gives supplier training and questionnaires to verify that suppliers have received and understood the procedures stipulated by the Company.<br>5. The supervision of supplier abidance is carried out through field assessment, which covers items from “Supplier Quality Audit system” to “supplier procurement system audit” and “general assessment and check on supplier social responsibility management.” A contract with a supplier that violates social responsibility and brings significant impact on the environment shall be canceled or terminated pursuant to the content of the contract. | |
| 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 reports? Do the reports above obtain assurance from a third-party verification unit? | | ✓ | Although the company has not yet compiled a sustainability report, we are still committed to promoting social responsibility, and has acquired ISO14001, ISO 45001, RBA and SA 8000 certification. | None |
| 6. If the company has its own sustainable development policy in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please specify its operation and the difference from its policy.<br>The company has not established the sustainable development policy. 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 Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”. | | | | |

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status</td><td>Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Description of Summary</td><td></td></tr>
<tr><td colspan="5">7. Important information helpful for understanding the state of the company's promotion of sustainable development:<br>(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.<br>(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.<br>(3) The company has achieved ISO14001, ISO45001, RBA (Responsible Business Alliance Code of Conduct, formerly: EICC) and SA 8000 certification. 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.<br>(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, protecting the earth and sustainable operation.</td></tr>
</table>

Table 1- Risk assessment and management policy

| Material Topic | Items assessed | Description |
|---|---|---|
| Environment | Environment protection and ecological maintenance | 1. Acquired the first environment certificate in 2009 and again in November 2021, the Company environment management system has maintained ISO 14001 certification.<br>2. Substantial reduction of pollution source. Practices in line with the government regarding the protection of air quality. Full practice of natural gas throughout process lines to minimize waste gas emitted from heavy fuel combustion.<br>3. Water reuse policy pursuant to government policy. Wastewater recycling system to reduce discharge so that every drop can be reused.<br>4. Beach cleaning activities restore the natural look a coast should have. Beach adoption in response to government policy further protects our environment through physical action.<br>5. Sludge drying system in place to reduce solid wastes. |
| Society | Occupational safety | 1. In 2021, the Company's occupational safety management system was ISO 45001 Occupational Health and Safety Management Systems (OH&SMS) certified. Daily field safety is checked based on 6S for the work environment.<br>2. Regular annual employee fire drills, plant-scaled evacuation drills and dormitory escape drills fully prepare employees' capability in reacting to emergency and safe escape. |
| | Social responsibility | 1. Approved by and received RBA certificate regarding the full inspection on labor, health and safety, environment, and ethics. The Company is RBA VAP validated with a silver award.<br>2. Participate in public welfare and spare no effort, organize "blood donation activities" and call on employees to participate together; organize "street sweeping activities" together with village chiefs in neighboring areas, clean homes, love neighbors, and be good to neighbors.. |
| Corporate Governance | Ethical management | 1. Any form of bribery, corruption, blackmail, or embezzlement is prohibited. Specific standards and regulations are established for employees to follow.<br>2. Promising, offering, approving, giving, or accepting bribes or any form of unjustifiable income, including promising, offering, or taking any valued items, is prohibited. |
| | Continuous operation and management | 1. Regulations of each department and office shall be followed; internal control procedure implemented to ensure all personnel are working pursuant to Company regulations.<br>2. The operation is in line with government regulations by regular follow up on acts and orders and update Article of Associations.<br>3. To fulfill environmental sustainability, every management policy is implemented, along with the obtainment of ISO 22301, Business Continuity Management System certificate. |
| | Reinforcing | 1. To advance the function of Directors, courses are offered every year regarding the most updated legal regulations |

| Material Topic | Items assessed | Description |
|---|---|---|
| | the function of Directors and its value | and concerned topics available for directors.<br>2. The Procedure for Handling Demands by Directors is adopted to ensure proper handling and execution regarding issues raised by directors. |
| | Engaging stakeholders | 1. We value employees' rights and interests by establishing consultation and complaint channels for employees to speak freely and express their concerns in their position; we follow up on Company related topics and are devoted to creating a work environment that is friendly and has positive labor relations.<br>2. Channels are in place for external communication; regular announcements on stakeholders' concerned issues are made for their reference. |

Table 2- Concerned human rights and practices

| Concerned Topics | Goal and Implementation | Risk Assessment | Measures for Mitigation | Remedy |
|---|---|---|---|---|
| Providing a safe and healthy work environment | Full prevention of occupational illness to enhance employees' physical and mental health. | 1. Records with regard to any occupational illness caused by chemical exposure.<br>2. The voluntary participation rate in the health project shows how the Company supports employees in health promotion. | 1. Control chemical, physical, human, biological, psychosocial hazardous elements that cause occupational illness by management representatives and committee representatives of laborer health and hygiene management in relevant departments.<br>2. Nursing staff in place for healthcare, health promotion, and employee support projects.<br>3. Regular residence to perform health consultation and related inquiry with physicians. | 1. Immediate adjustment of work.<br>2. Sufficient medical resources.<br>3. Prevention from recurrence |

| Concerned Topics | Goal and Implementation | Risk Assessment | Measures for Mitigation | Remedy |
|---|---|---|---|---|
| Complete eradication of unlawful discrimination to ensure equal job opportunities | 1. Operation in line with the Labor Law, Ministry of Labor, international regulations and Company Human Rights Policy; Implementation of internal regulations.<br>2. Procedures are adopted and implemented; declaration in Recruitment and Employment Management Procedure with regard to the non-discrimination principle: equal job opportunities for every job seeker and employee. No discrimination againsttheir race, class, language, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, Facial features, disabilities, horoscope, blood type or past union membership.<br>3. Training for recruiting managers on no discrimination against applicants. | As early as possible in the recruit process, internal control is activated to eliminate any discrimination against laws. On their resume, no applicants are required to provide job-irrelevant personal information. | Legal compliance is performed from the very beginning of recruitment in order to eliminate discrimination against laws. | No violation cases. |
| Child Labor Avoidance | Child Labor Avoidance Management Procedures are adopted when interviewing applicants. Newly hired employees are reviewed to ensure no omission. | Applicants are required to produce statutory identification proof so that the Company may verify their appointment qualification. | Legal compliance is performed from the very beginning of recruitment. | No violation cases. |

| Concerned Topics | Goal and Implementation | Risk Assessment | Measures for Mitigation | Remedy |
|---|---|---|---|---|
| Forced labor prohibited | 1. Labor related acts and orders by the regional government, international regulations, and Company human rights policy are followed. No forced or coerced laborer shall perform labor.<br>2. It is specified in the work rules that extra work hours require the consent of employees, with overtime pay or compensatory leave. | In addition to internal controls for work hours, channels for complaint and communication sessions are in place for dissemination and inspection. | The attendance system and overtime report system are devised with reminders. Monthly checks and control on work hours. | In the event of forced labor, improvement measures shall be taken by relevant management personnel. Relevant employees shall be compensated accordingly. |
| Supporting employees' balance between mental and physical health and work life | 1. Diversified activities from culture and art to sports, family, and kids; clubs and societies are available for expanding colleague interaction and obtaining a balance between work and life.<br>2. Contract with kindergarten helps provide childcare solutions and better support employees' work performance.<br>3. Make special agreements with external units to provide employees and their families with multiple leisure places at preferential prices, praying for peace of life and work, and physical and mental health. | Participation rate will be reviewed. | Encouraging employees and their family to participate in activities by publicizing such activities through Welfare Committee members and partner sponsors. | Survey after activities for future improvement. |

### 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 OK

| 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 plan, and does it implement and periodically review and revise the plan? | ✓ | | (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 | |
| 2. Fulfill operations integrity policy<br>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? | ✓ | | (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. | None |
| (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? | ✓ | | (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) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | ✓ | | (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) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct | ✓ | | (4) The design of the accounting systems and internal control systems of the company and its subsidiaries are examined by the CPAs retained by the company and its subsidiaries and are reviewed periodically. During the audit conducted by internal auditors, no violation by | |

| 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 | |
| prevention plan or commission a CPA to perform the audit?<br><br>(5) Does the company regularly hold internal and external educational trainings on operational integrity? | <br><br>✓ | | any employee or the management of ethical corporate management principles has been found.<br><br>(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<br><br>(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?<br><br>(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?<br>(3) Does the company provide proper whistleblower protection? | <br><br>✓<br><br>✓<br><br>✓ | | <br><br>(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.<br><br>(2) The company has provided relevant standard procedures and the confidentiality mechanism in the procedures for ethical management and guidelines for conduct.<br><br>(3) The company has provided relevant measures in the procedures for ethical management and guidelines for conduct. | None |
| 4. Strengthening information disclosure<br>Does the company disclose its ethical corporate management policies and the results of its | ✓ | | The company has disclosed information regarding ethical corporate management principles at its website and in Market Observation Post System. | 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 | |
| implementation on the company's website and MOPS? | | | | |
| 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 | | | | |
| 6. Important information helpful for understanding ethical corporate management: (e.g.: review and amendment of the ethical corporate management principles, etc.)<br>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. | | | | |

**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, 2023

Over the Company's internal control system of Year 2022, 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, 2022 (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, 2023. 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 27, 2022 | | |
|---|---|---|
| Subject | Result of Resolution | Status of Performance |
| (1) Proposal of recognizing the business report and financial statements of 2021 | 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 2021 | 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:<br>1. Record date of distribution: 2022.7.12<br>2. Date of cash distribution: 2022.7.28 |
| (4) Amendment to the Procedures for Acquisition or Disposal of Assets | Approved after voting | Relevant operations in accordance with the revised procedures. |

(2) Important matters resolved by board of directors: (Jan. 1, 2022 to May 5, 2023)

| Date/Term | Important matters resolved |
|---|---|
| 2022.01.19<br>The 13th meeting of the 9th Session | (1) Approved the company's 2022 budget.<br>(2) Approved the proposal of applying to the bank for credit extension.<br>(3) Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd.<br>(4) Approved the purchase of production equipment.<br>(5) Approved the proposal of convening the general meeting of shareholders for 2022 and other relevant matters.<br>(6) Approved the 2021 manager performance appraisal and annual bonus payment proposal.<br>(7) Promotion and Salary Adjustment of Managers of the Company and Subsidiaries.<br>(8) Approved the proposal to adjust the chairman's salary. |
| 2022.03.11<br>The 14th meeting of the 9th Session | (1) Approved the distribution of employees' and directors' compensation in 2021.<br>(2) Approved the business report, individual financial report, and consolidated financial report of the company for 2021.<br>(3) Approved the appointment and remuneration of the auditing CPA for 2022.<br>(4) Approved the proposal of distributing earnings of 2021.<br>(5) Approved the proposal of cash distribution from the capital reserve.<br>(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.<br>(7) Approved Esteem King Limited for cash reduction.<br>(8) Approved the declaration for internal control system of the company for 2021.<br>(9) Amendment of the reason for convening the 2022 shareholders' meeting of the company.<br>(10) Approved the KPI of managers for 2022. |
| 2022.05.06<br>The 15th meeting of the 9th Session | (1) Approved the Company's consolidated financial quarter report for Q1 2022. |
| 2022.08.05<br>The 16th meeting of the 9th Session | (1) Approved the Company's consolidated financial quarter report for Q2 2022.<br>(2) Approved the endorsement and guarantees provided for Esteem King Limited.<br>(3) Approved the lease renewal case of Amould Plastic Technologies (Suzhou) Co., Ltd.<br>(4) Approved the proposal of changing the keeping unit of the Seal registered with the Ministry of Economic Affairs of the company.<br>(5) Approved the salary increase proposal for the manager of the subsidiary MAP Plastic Pte. Ltd.<br>(6) Approved the proposal for the distribution of directors' remuneration in 2021.<br>(7) Approve the proposal for managers to allocate employee compensation for 2021. |
| 2022.11.04<br>The 17th meeting of the 9th Session | (1) Approved the Company's consolidated financial quarter report for Q3 2022. |

| | |
|---|---|
| | (2) Change of the Company's Financial Reporting Certified Public Accountant.<br>(3) Approved the Certified Public Accountant Independence Assessment case.<br>(4) Approved the proposal of amendment to the " Corporate Governance Code" and "Board of Directors Procedures" and "Internal major information processing procedures" of the company.<br>(5) Approved the annual audit plan of the company for 2023.<br>(6) Approved the proposal of amendment to the "Internal Control System" of the company. |
| 2023.01.16<br>The 18th meeting of the 9th Session | (1) Approved the company's 2023 budget.<br>(2) Approved the proposal of applying to the bank for credit extension.<br>(3) Approved the endorsement and guarantees provided for Amould Plastic Technologies (Suzhou) Co., Ltd.<br>(4) Approved the proposal for Esteem King Limited to lend funds to the Company.<br>(5) Approval the proposal for 2022 employee remuneration and director remuneration appropriation ratio proposal.<br>(6) Approve the proposal for 2022 manager performance appraisal and year-end bonus payment.<br>(7) Approved the salary increase proposal for the manager of the subsidiary Amould Plastic Technologies (Suzhou) Co., Ltd. |
| 2023.03.17<br>The 19th meeting of the 9th Session | (1) Approved the distribution of employees' and directors' compensation in 2022.<br>(2) Approved the business report, individual financial report, and consolidated financial report of the company for 2022.<br>(3) Formulate the "Accountants' Independence and Competence Evaluation Measures".<br>(4) Approved the appointment and remuneration of the auditing CPA for 2023.<br>(5) Approve the 2023 Certified Public Accountant Offering of Non-Conviction Services.<br>(6) Approved the proposal of distributing earnings of 2022.<br>(7) Approved the declaration for internal control system of the company for 2022.<br>(8) Approved the proposal of amendment to the " Procedures for Election of Directors " of the company.<br>(9) Proposal for shareholders to re-election the 10th director of the company.<br>(10) Approved the proposal of convening the general meeting of shareholders for 2022 and other relevant matters.<br>(11) Approved the KPI of managers for 2023. |
| 2023.05.05<br>The 20th meeting of the 9th Session | (1) Approved the Company's consolidated financial quarter report for Q1 2023.<br>(2) Approved the proposal for liquidation of the subsidiary Evolution Holdings Limited (HK).<br>(3) Confirmation of Director Candidate Qualifications<br>(4) Proposal for shareholders' meeting to lift the restriction on the prohibition of competition for new directors. |

**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) 2022. .01.19
- Proposal: Discuss the proposal to adjust the chairman's salary.
- Kuo, Yao-Wen: He believes that the compensation of the board of directors has been the highest in history, so he opposes the proposal.
- Jin, Bor-Shi: He believes that the company's current situation has not changed much from when it was set, and that fixed pay should not be increased just because it is profitable, so he opposes the proposal.

(2) 2022.03.11
- Proposal: Discuss the KPI of managers for 2022.
- Jin, Bor-Shi and Kuo, Yao-Wen: They believe that the KPI content of some managers needs to be adjusted, so they oppose the proposal.

(3) 2022.08.05
- Proposal: Discuss the lease renewal case of Amould Plastic Technologies (Suzhou) Co., Ltd.
- Jin, Bor-Shi: He believed that the company's four-year business plan should be provided first to evaluate whether to continue investing, so he opposed the case.

(4) 2022.08.05
- Proposal: Discuss the proposal for managers to allocate employee compensation for 2021.
- Jin, Bor-Shi: He believes that each manager's contribution to the company and the achievement of KPI should be used as the main basis for bonus distribution, so he opposes this case.

(5) 2023.01.16
- Proposal: Discuss the proposal for 2022 manager performance appraisal and year-end bonus payment.
- Jin, Bor-Shi and Kuo, Yao-Wen: They believed that some managers' bonuses were too high, so they opposed the case.

**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: None.**

## 3.5 Information on CPA professional fees

(1) Information on CPA professional fees

Unit: NT$ Thousand

| Accounting Firm | Name of CPA | Audit period | Audit Fee | Non-audit Fee (Note) | Total | Remarks |
|---|---|---|---|---|---|---|
| KPMG | Yu, Sheng-Ho | 2022.01.01 ~ 2022.12.31 | 4,950 | 713 | 5,663 | |
| | Huang, Yung-Hua | | | | | |

Note: The non-audit Fee content includes tax visa (590 thousand) and payment in advance (98 thousand).

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

1. 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
2. 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:

<table>
<tr><td>Replacement Date</td><td colspan="3">2022.11.04</td><td colspan="2">2023.03.17</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="5">Replacement of CPA due to internal business adjustment of accounting firm.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="3">Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="3">Termination of appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="3">No longer accepted (continued) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="3">Audit scope or steps</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td>None</td><td colspan="4">V</td></tr>
<tr><td colspan="5">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="5">None</td></tr>
</table>

(2) Regarding the successor CPA:

<table>
<tr><td>Name of accounting firm</td><td colspan="2">KPMG</td></tr>
<tr><td>Name of CPA</td><td>Yu, Sheng-Ho<br>Huang, Yung-Hua</td><td>Yu, Sheng-Ho<br>Cheng, An-Chih</td></tr>
<tr><td>Date of appointment</td><td>2022.11.04</td><td>2023.03.17</td></tr>
<tr><td>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.</td><td>None</td><td>None</td></tr>
<tr><td>Succeeding CPA’s written opinion of disagreement toward the former CPA</td><td>None</td><td>None</td></tr>
</table>

(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 | 2022 | | As of 2023/04/23 | |
|---|---|---|---|---|---|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Director<br>Major shareholders | Min Aik Technology Co., Ltd. | 629,090 | 0 | 130,000 | 0 |
| Chairman | Chia, Kin-Heng | 49,000 | 0 | 51,000 | 0 |
| Director | Chang, Lung-Ken | 0 | 0 | 0 | 0 |
| Director<br>Major shareholders | Beacon Investments Limited | 0 | 0 | 0 | 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 | 1,000 | 0 | 0 | 0 |
| Assistant Vice President | Hsieh, Hsiu-Lan | 0 | 0 | 0 | 0 |
| Assistant Vice President | Chen, Chin- Tung | 6,000 | 0 | 0 | 0 |
| Assistant Vice President | Li, Chung- Hsien | 5,000 | 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:

| Name | Reason for transfer | Transaction date | Counterparty | Relationship | Number of shares | Price |
|---|---|---|---|---|---|---|
| Fang, Kuang-Yi | Disposal (gift) | 2022.08.03 | Fang, Tsung Jia | First-degree relatives | 87,000 | NT$ 25.35 |

(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

2023/04/23

| 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. | 29,487,000 | 38.29% | - | - | - | - | Chia, Kin-Heng | Chairman of Min Aik Technology Co., Ltd. | - |
| Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng | 675,766 | 0.88% | 146,000 | 0.19% | - | - | - | - | - |
| Beacon Investments Limited | 24,718,763 | 32.1% | - | - | - | - | - | - | - |
| Beacon Investments Limited Representative: Kuo, Yao-Wen | - | - | - | - | - | - | - | - | - |
| Taiwan Fu Hsing Industrial Co., Ltd. | 1,077,000 | 1.4% | - | - | - | - | - | - | - |
| Taiwan Fu Hsing Industrial Co., Ltd. Representative: Lin, Jui-Chang | - | - | - | - | - | - | - | - | - |
| Fang, Kuang-Yi | 800,022 | 1.04% | 67,000 | 0.09% | - | - | - | - | - |
| Chia, Kin-Heng | 675,766 | 0.88% | 146,000 | 0.19% | - | - | Min Aik Technology Co., Ltd. | Chairman | - |
| Chen, Wei-Jen | 648,000 | 0.84% | - | - | - | - | - | - | - |
| Wang, Chung-Chi | 584,000 | 0.76% | - | - | - | - | - | - | - |
| LGT Bank (Singapore) Ltd. | 444,000 | 0.58% | - | - | - | - | - | - | - |
| Wu, Yu-Ru | 335,000 | 0.44% | - | - | - | - | - | - | - |
| Lin, Mei-Wen | 313,000 | 0.41% | - | - | - | - | - | - | - |

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

2023/05/05; 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

2023/4/23; 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

2023/4/23

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

(3) Information for shelf registration: N/A

**4.1.2 Structure of Shareholders**

2023/4/23

| Type of Shareholder / Quantity | Government Agencies | Financial Institutions | Other Juridical Persons | Individuals | Foreign Institutions & foreigners | Total |
|---|---|---|---|---|---|---|
| Number of Shareholders | 0 | 6 | 17 | 6,004 | 22 | 6,049 |
| Shareholding | 0 | 379,504 | 30,673,663 | 19,734,286 | 26,212,547 | 77,000,000 |
| Percentage | 0.00% | 0.49% | 39.84% | 25.63% | 34.04% | 100% |

**4.1.3 Shareholding Distribution Status**

(1) Common Shares

2023/4/23; NT$10 per share

| Class of Shareholding (Unit: Share) | Number of Shareholders | Shareholding (Shares) | Percentage |
|---|---|---|---|
| 1 ~ 999 | 3,223 | 53,157 | 0.07% |
| 1,000 ~ 5,000 | 2,238 | 4,126,213 | 5.36% |
| 5,001 ~ 10,000 | 261 | 2,076,275 | 2.70% |
| 10,001 ~ 15,000 | 105 | 1,334,103 | 1.73% |
| 15,001 ~ 20,000 | 57 | 1,057,566 | 1.37% |
| 20,001 ~ 30,000 | 59 | 1,526,739 | 1.98% |
| 30,001 ~ 40,000 | 23 | 786,453 | 1.02% |
| 40,001 ~ 50,000 | 8 | 348,050 | 0.45% |
| 50,001 ~ 100,000 | 43 | 2,949,858 | 3.83% |
| 100,001 ~ 200,000 | 16 | 2,176,628 | 2.83% |
| 200,001 ~ 400,000 | 8 | 2,130,407 | 2.77% |
| 400,001 ~ 600,000 | 2 | 1,028,000 | 1.34% |
| 600,001 ~ 800,000 | 2 | 1,323,766 | 1.72% |
| 800,001 ~ 1,000,000 | 1 | 800,022 | 1.04% |
| 1,000,001 or over | 3 | 55,282,763 | 71.80% |
| Total | 6,049 | 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:

2023/4/23; shares

| Name \ Shares | Shareholding | Percentage |
|---|---|---|
| Min Aik Technology Co., Ltd. | 29,487,000 | 38.29% |
| Beacon Investment Limited (Malaysia) | 24,718,763 | 32.10% |
| Taiwan Fu Hsing Industrial Co., Ltd. | 1,077,000 | 1.40% |
| Fang, Kuang-Yi | 800,022 | 1.04% |
| Chia, Kin-Heng | 675,766 | 0.88% |
| Chen, Wei-Jen | 648,000 | 0.84% |
| Wang, Chung-Chi | 584,000 | 0.76% |
| LGT Bank (Singapore) Ltd. | 444,000 | 0.58% |
| Wu, Yu-Ru | 335,000 | 0.44% |
| Lin,Mei-Wen | 313,000 | 0.41% |

### 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 | | | 2021 | 2022 | As of 2023/5/5 |
|---|---|---|---|---|---|
| Market price per share（Note 1） | Highest | | 42.4 | 36 | 33.85 |
| | Lowest | | 23.3 | 25.3 | 29.55 |
| | Average | | 28.26 | 28.75 | 31.89 |
| Net Value per share（Note 2） | Before Distribution | | 22.25 | 24.65 | - |
| | After Distribution | | 21.55 | 23.15 | - |
| Earnings per share | Weighted Average Shares | | 77,000,000 | 77,000,000 | 77,000,000 |
| | Earnings per share（Note 3） | | 1.16 | 2.1 | - |
| Dividends per share | Cash Dividends | | 0.7 | 1.5 | - |
| | Stock Dividends | From Retained Earnings | - | - | - |
| | | From Capital Surplus | - | - | - |
| | Accumulated Undistributed Dividends（Note 4） | | - | - | - |
| Return on Investment | Price / Earnings Ratio（Note 5） | | 24.36 | 13.69 | - |
| | Price / Dividend Ratio（Note 6） | | 40.37 | 19.17 | - |
| | Cash Dividend Yield Rate（Note 7） | | 2.48% | 5.22% | - |

＊ 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 by the board or 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 2022 Earnings Distribution on March 17, 2023:

Unit: NT$

| Item | Amount |
|---|---|
| Undistributed profit at start of period | 3,112,489 |
| Plus: Variation following re-evaluation of confirmed welfare plan | 5,821,478 |
| Plus: Net profit after tax for the current period | 161,828,010 |

| | |
|---|---|
| Plus: Special surplus reserve<br>Less: Legal reserve | 70,272,069<br>(16,764,949) |
| Accumulated distributable earnings | 224,269,097 |
| Allocation items in this period<br>Less: Cash dividends (NT$ 1.5 per share) | <br>(115,500,000) |
| Undistributed earnings at the end of the period | 108,769,097 |

(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' compensation**

(1) Percentage or range of employees'/directors' compensation 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 compensation under the previous paragraph shall include employees of the subsidiaries who meet certain conditions.

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

(3) Compensation approved by the board of directors:
The employees' compensation and directors' compensation in 2022 was approved by the Board of Directors on March 17, 2023 and they are to be distributed in cash. The amounts are as follows:
A. Employees' compensation: NT$ 15,810,368.
B. Directors' compensation: NT$ 6,775,872.

(4) Allocation of compensation to employees and directors in the preceding year with significant discrepancy of the acknowledgement of bonus to employees and compensation to directors, the causes, and countermeasures:
In 2021, the Company actually distributed NT$ 9,991,095 in employee compensation and NT$ 1,110121in director compensation, both of which were paid in cash, and there was no difference from the amount recognized in the financial report.

**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 | 2022 | |
|---|---|---|
| | Sales volume | Proportion |
| Other electronic stamping components | 633,118 | 28% |
| Plastic injection parts | 578,019 | 25% |
| Hard Disk Drive stamping components | 554,048 | 24% |
| Automated machine | 337,069 | 15% |
| Other | 172,763 | 8% |
| Total | 2,275,017 | 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 precision 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 Heat Sink components.

MAPP

(1) Motherboard burning dispensing automation equipment.
(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 2022, 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 2020-2022

Unit: Million sets

| Year | 2020 | | 2021 | | 2022 | |
|---|---|---|---|---|---|---|
| Manufacturer | Shipment | % | Shipment | % | Shipment | % |
| Seagate | 111.3 | 43% | 110.0 | 43% | 74.0 | 43% |
| Western Digital | 96.2 | 37% | 94.2 | 36% | 63.0 | 37% |
| Toshiba | 52.8 | 20% | 54.7 | 21% | 34.0 | 20% |
| Total | 260.3 | | 258.9 | | 172 | |
| Growth (%) | -18.66% | | -0.50% | | -33.5% | |

Source: Trendfocus & Storage Newsletter

In 2022, the overall global economy experienced a downturn caused by multiple factors such as economic headwinds, the ongoing Russia-Ukraine war, intensified inflation, the epidemic lockdowns and control in mainland China, and geopolitical tensions. The overall market demand, supply, and outlook were seriously and deeply affected. Due to the rapid freezing of the industry’s supply chain, customers cleaned up their inventory and did not deliver or ship goods, terminal sales were not as expected, and channel inventory continued to increase. Unfortunately, though brand manufacturers actively promoted sales in an attempt to reduce the inventory of finished products, the results were quite poor as the demand in both the consumer and business markets dropped significantly, especially in the European and American markets.

In terms of industrial development, Seagate plans to increase the capacity of hard disk products in 2023 and plans to launch 22TB and 24TB hard disks during the first half of the year. In the third quarter, the first hard drive to adopt HAMR technology will be launched. It will have a capacity of more than 30TB, with a 50TB hard drive expected to be launched in 2026.

Utilizing new magnetic disc technology on the hard disk, HAMR allows the data bits to be smaller and more tightly congregated together while maintaining the stability of magnetic properties and heat resistance. When writing new data, HAMR can be connected to a small laser diode attached to each magnetic head which briefly heats a small spot on the hard drive, allowing the magnetic head to flip the magnetic polarity one bit at a time to write the data.

The density of a 20TB hard drive which has 9 platters has an areal density of about 1.116 Tb/inch2. Seagate has proven that its HAMR technology can reach an areal density of up to 2.6 Tb/inch2 and is expected to grow to 6 Tb/inch2 in 2030 when a 100TB 3.5-inch hard drive will be launched. The HAMR design requires a lot of changes to the hard disk, e.g., new media, magnetic heads, actuators, etc., which also increases the product's ASP. Since HAMR, at first, only offered enterprise and data center customer-specific products, this may be the reason for its slow adoption among mass products.

While consumers have turned to faster solid-state discs (SSDs) for their storage needs, as storage capacity requirements have grown in almost all areas, only a hard disk drive can provide a low-cost option for the storage capacity required by data centers, the cloud, and other similar fields. It is expected that the two storage devices, HDD & SSD, will be able to continue to coexist in the future. Research institution TrendFocus has pointed out that large-capacity HDDs are still the mainstream in the market. With cloud and high-performance computing, application scenarios require inexpensive, low-power consumption, and high-density storage technology products. The demand is expected to continue to grow in the future.

B. Electronic Components

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 range of the flip-chip-lid is broad and wide, such as electronic components, semiconductors, and photoelectric devices in the electronic information industry. The end industry of downstream applications has even extended to the 3C and automotive electronics industries. Presently, the most important applications are in computer microprocessors (CPU), graphics cards (GPU), data center servers, and electric vehicles, especially the extremely high demand for data center servers. As the processing efficiency of mobile phone chips has improved, the demand for a flip-chip-lid has greatly increased. The introduction of heat dissipation technology for the vacuum chamber flip-chip-lid allows mobile phones to operate stably even under high load conditions.

The CPU is used for general computing, the GPU is used for accelerated computing, and the DPU is used for data processing. The market participants in the data center server processor can be, at the moment, roughly divided into three categories: The first category is the traditional large-scale computing chip manufacturers such as Intel, AMD, and NVIDIA. While Intel and AMD jointly occupy approx. 90% of the CPU market, NVIDIA, and AMD jointly share approx. 90% of the GPU market. The second category of vendors is mainly large cloud dealers e.g., Amazon AWS and ALIBABA. These dealers have begun designing their own processors for meeting their own business and development needs. The third category is mainly new entrepreneurs that are committed to developing cloud-native processors or AI accelerators.

With the development of virtualization and to avoid the need for more and more central processing unit (CPU) cores to be invested in the processing of network and data management, the promotion of the development of network co-processors like cloud services and smart network interface card (Smart NIC) and data processing unit (DPU), etc. needs to be realized.

C. Automotive stamping parts

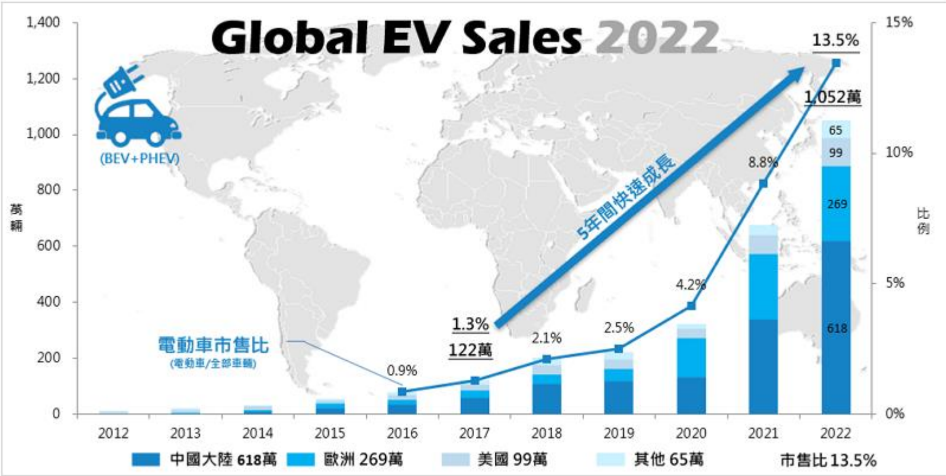
In 2021, the popularity of the global electric vehicle market rose rapidly. For automobile manufacturers, it's relatively easy to transform a fossil fuel vehicle into a hybrid electric vehicle without replacing the entire drive line system. An auxiliary electric motor and a relatively small battery are included for electric driving kinetic energy.

As the demand for electric vehicles continues to increase, it also drives the application and development of Insulated Gate Bipolar Transistor (IGBT) modules. China has the largest automobile market in the world, and IGBT is a key component of power semiconductors for power control and power conversion, making this module a vital technology for high-powered applications such as electric vehicles.

In 2022, electricity costs and electricity prices in some regional markets constantly increased. For example, the European electricity market is subject to the Russia-Ukraine war, which caused the operating cost of pure electric vehicles to be higher than that of fuel vehicles, and the relevant changes may threaten the electricity transformation of the European continent.

The purchase subsidy policy, the tax relief policy for new energy vehicles of China; the lower inflation bill passed in the second half of 2022 in the United States, the tax incentives provided by the bill after the proposed law's approval, and local manufacturing capabilities all contributed to the sales of electric vehicles on the market. As of 2022, there were 27 million electric vehicles on the road worldwide, and the number may exceed 40 million by the end of 2023. Although electric vehicles only account for about 3% of the total number of vehicles in the world, which is already a leap forward compared with less than 1% at the end of 2020, the transformation of electric vehicles has become a trend.

As per the statistics of automobile associations of various countries, the number of global car sales in 2022 was only 81 million, which was an increase of about 5%, and was still affected by the shortage of chips; in terms of electric vehicles, global electric vehicle sales have grown by 49% in 2022. The top three markets include China, Europe, and the United States, with China accounting for over 60%.



Source: EV-Volumes, collated by Vehicle Center

Looking forward to 2023, the DIGITIMES Research Center predicts that the global sales of electric vehicles will exceed 14 million units. The sales growth in China and the United States will still be the most essential, while Europe will still show slow growth.

(2) Medical consumable industry

The global medicaldevice market is projected to jump by seven billion dollars in 2022 and leap to $223 billion over the next seven years, to reach a valuation of around $719 billion by 2029. A report by consulting firm Fortune Business Insights anticipates a 5.5% compound annual growth rate (CAGR) over this period.The report identifies several factors contributing to the industry’s growth. These factors include a global rise in prevalence of chronic diseases, increased healthcare spending in developed and emerging countries, and a new emphasis on early detection and treatment by healthcare agencies. This is reported to be resulting in more and more patients undergoing diagnostic and surgical procedures.

(3) Automation industry

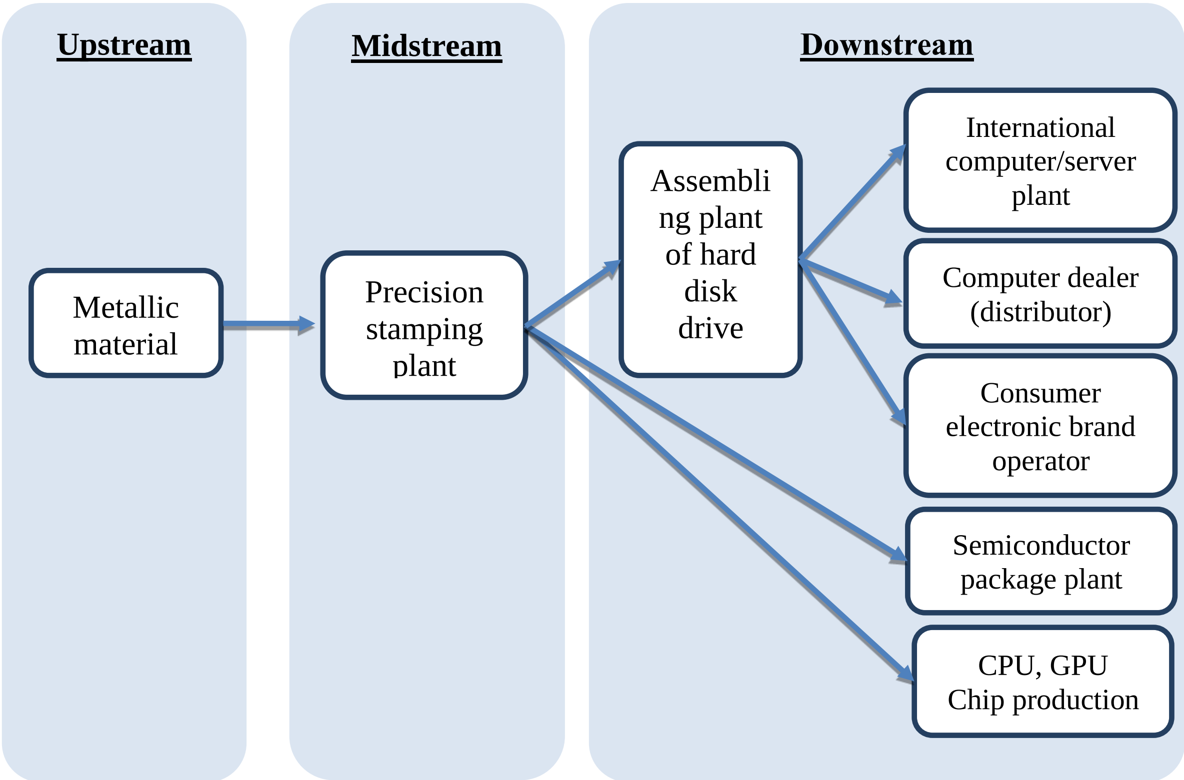
Automation industry is the support industry of automation technology for other industries, belonging to the upstream industry with technology-intensive, service-intensive, non-mass production and many kinds of projects. This characteristic is the same at home and abroad, but the advanced countries abroad 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.

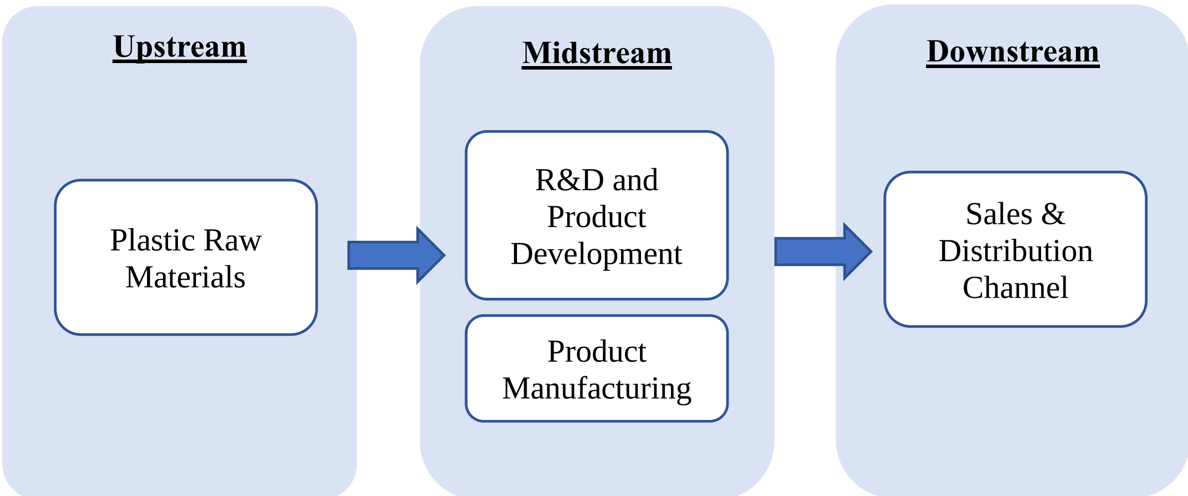
Since 2008, China has applied the Active Contract Law, which expressly stipulates the protection of employment rights, including the provision of social insurance, overtime pay and severance pay. This has greatly increased the employing cost of enterprises, especially in the intensive manufacturing industry. 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

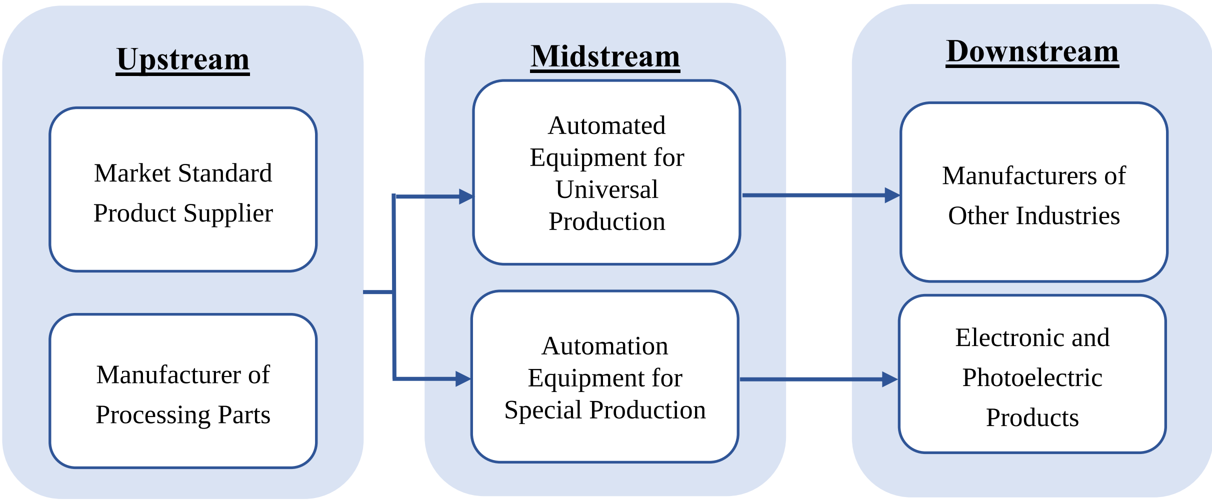
(1) Precision Metal Stamping




(2) 2.Medical Consumables Industry



(3) Automation industry




3. Trends of Product Development and Competition

(1) Hard disk drive industry

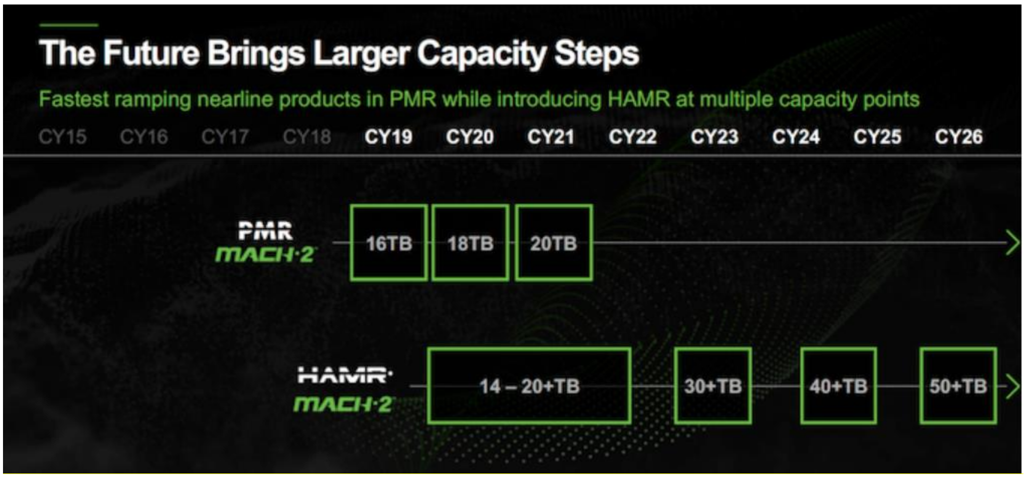
A. Development trend of hard disk products

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 trends of hard disk products in recent years, Energy-Assisted Magnetic Recording (EAMR) technology, Heat Assisted Magnetic Recording (HAMR), and Ultra-thin substrate technology with a thickness of less than 5mm are the most important technological developments, all of which can help to continue to expand the capacity of traditional hard drives. Recently, with the continuous growth of demand from large data centers and branded server manufacturers, hard disk drive manufacturers have invested more development resources in the R&D and the production of Nearline and other large-capacity hard drives.

In response to the continuous shift towards large-capacity hard drives and Nearline HDD products required by Data Centers on the market, Seagate has announced that it'll increase the capacity of hard drive products in 2023 and plans to launch 22TB and 24TB hard drives in the first half of the year. The first hard drive using HAMR technology will be launched in the third quarter, with a capacity of more than 30TB, and is expected to reach an extremely large capacity of 50TB in 2026. HAMR is a brand-new magnetic disk technology used on hard disks, allowing data bits to be smaller and more tightly congregated together while maintaining magnetic and thermal stability. For writing new data, a small laser diode attached to each magnetic head briefly heats a small spot on the hard drive, allowing the magnetic head to flip the magnetic polarity one bit at a time and write the data. Since the heating and cooling process of each bit will be completed within one nanosecond, HAMR's laser will not affect the temperature and stability of hard drives and platters.

HAMR technology will be able to support the latest large-capacity devices. HAMR can greatly increase the magnetic recording density and promote the development and growth of next-generation hardware in the next ten years.




Source: Seagate

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

The medical supplies industry is constantly evolving, never more so than in the wake of a global pandemic. To learn how the industry is faring. In the growth column, the guide indicates that the medical devices management industry is on its way up, citing a CAGR of 5% to 2028. “When the pandemic finally begins to diminish, the intense pressure on the healthcare industry will begin to lessen and elective and non-essential services can resume. Because of this, expectations are that the global market will grow substantially. “However, growth may be counteracted by the high cost of production and maintenance. Costs to produce leading-edge products will be passed on to the consumer, and the consumer may not be in a position to afford it. Additionally, the guide examines the role of regulatory control, calling it a “double-edged sword. “Though concerning, there are hopeful signs for 2022, including the possible slowing of the pandemic, shifting demographics, positive legislation and emerging markets all point to increasing demand and new opportunities.

B. Competitive situation of Medical consumable industry

According to stats from Evaluate MedTech, the total value of 2021’s 150 or so M&A deals topped at about $78 billion—a far cry from 2015, when nearly $130 billion changed hands, but still a high point in recent years. But in 2022, that exuberance waned. Following waves of COVID variants and other international challenges, the number of transactions and their total value dropped to about half of the sums seen the year prior. That doesn’t mean there wasn’t any room for megadeals.

The top two on list—Microsoft’s massive purchase of Nuance Communications and Johnson & Johnson’s takeover of Abiomed—made up a significant chunk of the year’s activity, with both weighing in at 11 figures. Aside from their size, both demonstrated the various paths M&A can take. Microsoft’s deal for Nuance aims to absorb the latter’s conversational AI to its cloud-based healthcare services by embedding automated note-taking technology into electronic health records. J&J’s purchase, meanwhile, may see Abiomed and its miniaturized heart pumps more clearly maintain their own brand and identity as a billion-dollar operator among a constellation of companies.

(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

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. The rapid development of the medical industry has created a demand for automated production to improve its quality and output.

B. Competitive situation of Automation Products

3C: 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.

Medical and other industries: In order to improve the company's product structure, in addition to continuing to develop 3C-related equipment in recent years, the company has paid more attention to the development of equipment to the medical industry. At present, it has made certain progress in related equipment in the medical field. In addition, we have also begun to set foot in the traditional manufacturing industry.

### 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

| Year / Item | 2022 | As of 2023.03.31 |
|---|---|---|
| A.R&D expense | 57,206 | 11,960 |
| B. Operating income | 2,275,017 | 623,029 |
| A/B | 2.51% | 1.92% |

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 |
|---|---|
| 2021 | 1. Large-area multiple asymmetric selective plating technology<br>2. Masking and spraying painting technology for precision microelectronic three-dimensional parts |
| 2022 | 1. Multi-Spindle Tapping Machine Development |

(2) MAPP

| Year | R&D achievements |
|---|---|
| 2022 | None |
| 2023 | Cattle tracking device |

(3) Suzhou Amould

| Year | R&D achievements |
|---|---|
| 2022 | 1. Motherboard burning dispensing automation equipment<br>2. Pen-type insulin syringe pressing device |
| 2023 | None |

### 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

With the global COVID pandemic moving into the Endemic stage, we see a slow down in the Life-Science segment of the market, we will shift our focus back onto our Medical Consumable Clients. The shift from Viral Care to elective surgical care will gain momentum in the coming quarters of 2023.

Singapore’s MedTech Manufacturing eco system is the key factor to attract global key players to invest here. There more than 25 multinational MedTech companies have established their R&D presence in Singapore, with many investing in end-to-end capabilities ranging from product design, to optimization and validation. Also more than 50 regional headquarters from the world’s leading MedTech firms are based in Singapore. Singapore is a hub for business model innovation, marketing and regulatory, and e-commerce to expand access in Asian markets.

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

MAPP will look for opportunities to collaborate with MedTech startups, institutes 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. At the same time, Amould will strengthen its business development in the medical industry and other traditional industries to explore the potential demand of existing customers and increase the promotion of the company's products, which can maintain the visibility and activity of Amould in the market and strive for more opportunities to seek cooperation with new customers.

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, ISO 45001, 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.

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 institutes in Singapore in developing New Technologies in MedTech and industrial Automation.

b. Automatic Optical 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. ODM: To collaborate with promising Startups and institutions to develop innovative products and venuture into new markets.

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 and Silicon 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 and ISO 14001 certified. We are also ISO 13485 certified to be able to design and manufacture medical components. Target to get Good Manufacturing Practice (GMP) and FDA certification for the plant to manufacture medical device. As our operations does not produce 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 | | 2021 | | 2022 | |
|---|---|---|---|---|---|
| | | Sales volume | Proportion | Sales volume | Proportion |
| Sales in domestic market | | 379,276 | 18% | 323,986 | 15% |
| Export sales | Asia | 1,533,462 | 71% | 1,709,044 | 75% |
| | America | 245,398 | 11% | 232,791 | 10% |
| | Europe | 9,767 | 0% | 9,196 | 0% |
| | Subtotal | 1,788,627 | 82% | 1,951,031 | 85% |
| Total | | 2,167,903 | 100% | 2,275,017 | 100% |

2. Market Share

(1) Min Aik Precision

Our company insists on creating an integrated advantage in the development and manufacture of omnidirectional HDD components in the storage field, and expects to diversify the operations of the group through efforts in product diversification. At present, the only three hard disk drive manufacturers in the world are all customers of our company. In addition to laying a solid foundation in the supply chain of HDD components, the product line has been extended to other electronic components and has successfully become a trusted supplier and partner for international manufacturers.

In terms of the revenue in 2022, HDD components which account for 46% of the total annual revenue of our company are the prime products and are also supplied in large quantities to major hard drive organization assembly customers around the world (WD, Seagate, Min Aik & ShinEtsu). The global market share of the company’s principal product, the VCM Plate of a hard disk, is about 19%.

Global market share of the company's main product in 2020 and 2022
VCM plate

Unit: Million sets

| Year | 2020 | 2021 | 2022 |
|---|---|---|---|
| Shipment of the company (SET) | 64.4 | 66.0 | 32.5 |
| Shipment of the hard disk drive all over the world | 260.3 | 258.9 | 172 |
| Market share of Min Aik | 25% | 25.5% | 19% |

Source: Trendfocus 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. The future supply and demand situation and growth of the market

(1) Hard disk drive industry

A. Supply and demand situations of the market

The shipments of all traditional hard disk (HDD) manufacturers have declined sharply in 2022, especially the almost halved shipments of Seagate and WD (Western Digital). At present, the greatest dilemma for HDD manufacturers is the shrinking demand for the enterprise cloud storage business, and there's no sign of a demand recovery for 3.5-inch HDDs and consumer HDDs. Affected by inflationary pressures, the destocking of channel inventory was slow, and customers were conservative in their purchases, resulting in inventory problems and leading to severe challenges for the upstream supply end.

B. Future growth and development trend of the industry

The challenges in 2022 will continue through 2023, including the impact of inventory pressure on the short-term market size of information hardware, the intensification of geopolitical risks, the impact of the Russia-Ukraine war on global energy and raw material prices, and the impact of lift rates and high inflation. These will all determine the recovery speed and intensity of the overall electronics industry.

From the perspective of medium and long-term industry trends, the demand for edge computing is also increasing and will play a critically important role in the cloud and terminal devices, mainly to avoid delays in message delivery. As per the forecast of research institutions, 30% of information processing will become real-time information in the future. In the future, there will be a demand for edge computing in many markets, including financial services, manufacturing, health care, mobile communication and telecommunications carriers, and security control system service providers. Many innovative business models will emerge.

Artificial intelligence, the Internet of Things, and 5G will be the three major driving forces pushing the growth of data storage demand. First of all, with the rise of artificial intelligence, the information processed is very large, and more and more data will be stored, higher even than the collection of data. Secondly, as part of the Internet of Things, more and more sensors are ubiquitous in various systems. Thirdly, regarding 5G, it's not only about the speed but also the capacity which can transmit a large amount of information. Therefore, major hard disk drive manufacturers continue to invest in the development of large-capacity hard disks to meet the market's demand for information storage.

The annual shipment of HD drivers (see table below) .It is expected that the overall shipment of hard disks will be reduced to about 145 million sets in 2023.

Shipment of hard disk drives from 2019 to 2023

Unit: Million sets

| Annual projection | 2019 (Actual) | 2020 (Actual) | 2021 (Actual) | 2022 (Actual) | 2023 (Forecast) |
|---|---|---|---|---|---|
| Total | 320 | 260 | 259 | 172 | 145 |

Source: The statistics and evaluation of Trendfocus and the Company

a. The applications of PC related fields

Affected by the fading dividend of the epidemic and the increase in global inflationary pressures, PC and NB shipments will continue to be revised in 2023, and end-customer inventories will continue to be destocked. Although the long-distance demand may decrease, functional upgrades are still in process, and related chip manufacturers are actively cultivating new specifications. Though the wave of upgrades may be blocked in the short term, the direction of new technologies is becoming more and more clear.

While the PC is tired and weak, and the Russia-Ukraine war continues, followed by US inflation under the pressure of environmental changes and capital costs, the NB market is also tired and weak, and eSports has become the sole growth model. While PC factory shipments remain sluggish, the demand for eSports is relatively stable.

b. Server product related fields

Recently, chatGPT has exploded, making generative AI a focus of the market. There is a stronger demand for large data, driving more and more advanced data centers to perform the computing and calculations. The main core of the data center is the server and storage. However, the global economy has recently continued to face headwinds. In 2023, global hardware products will be impacted by the recession. Even Meta and Google have announced the suspension of the construction of data centers. However, this may only be a transition period, especially since the demand for related services is currently declining, and there is no immediate demand for data centers. This may also be because Meta mainly supports its own application services, while Google Cloud's customer scale is relatively small; on the other hand, Amazon (Amazon) AWS, Microsoft (Microsoft) Azure and the other two leading players in the cloud service market still have a large demand, and have even had to speed up the construction of data centers to meet customer demand. Cloud service providers (CSP) will continue to expand their data centers, thereby increasing server demand in the long run.

(2) Electronic Components

A. Supply and demand situation of the market

The growth momentum of global semiconductors continued from 2021 through 2022, but the growth was not as expected due to the impact of general demand reversal, inflation, war, and other factors. Owing to external environmental factors that have not been eliminated, poor purchasing momentum in the consumer market, and weak delivery power, the inventory levels in the supply chain from terminals and system factories to semiconductor chip production and sales are still expected to be extremely high in 2023. Inventory closeout and memory overcapacity are estimated to continue until the first half of 2023, affecting the performance of the semiconductor market in 2023.

Since the actual demand for smartphones and personal computers has decreased, resulting in excess semiconductor inventories in these manufacturing plants and a decrease in purchases, there is an imbalance between semiconductor supply and demand. Although semiconductor manufacturers have tried to deal with the decrease in demand by reducing production, the overall semiconductor boom has become more and more uncertain. Owing to the chaos in the supply chain caused by the Covid-19 pandemic and the optimistic demand recovery, various factories have hoarded a large amount of semiconductor inventory, but the demand has decreased, especially regarding memory.

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

In a situation where the demand for consumer electronics, personal computers, mobile phones, semiconductor packaging, and testing plants will continue to lead to the adjustment of inventories in 2023, it's expected that there will be more opportunities for supply and demand to resume in 2024. Cloud manufacturing, electric vehicles, data centers, servers, networking communication, artificial intelligence, and other fields, should lead the way to economic recovery.

(3) Medical consumable industry

A. Supply and Demand of Market

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.

B. Future Growth and Development Trend of the Industry

The new normal in the wake of the pandemic as remote medical maintenance is in high demand as a large number of patients require monitoring and diagnostics that do not require a hospital or clinic visit. Traditionally focused on preventative care, diagnostics, and urgent care, the connected medical device market is increasingly crossing over into the general health and well-being category. This is especially the case with wearable devices used in the sports and fitness category, which may, for example, double as an apparatus for early detection, such as irregular heartbeat. This is important because an arrhythmia can be indicative of more serious problems developing.

Connected medical devices are increasingly becoming the norm with significant improvements in ICT as a whole, coupled with the evolution of microelectronics, display capabilities, and a fast-growing medical device market. In terms of medical device market adoption, there are a few factors that inhibit usage. One of the foremost is concerns over security/privacy at both the end-user as well as the corporate level. This is especially true with connected medical devices, which may be prone to malware and hacking. An increasingly interconnected market, coupled with advanced solutions to protect user privacy and device security, are all factors that we see paving the way for over 25% of developed countries to utilize connected device enabled telemedicine as the primary method of healthcare service delivery by 2030.

(4) Automation Industry

In recent years, due to the upgrade trend of 3C products, electric vehicle industry, medical industry and traditional industry, the demand for automation equipment has increased, and the industry upgrade is an inevitable trend in the future. At the same time, more traditional enterprises through the epidemic gradually see the reality that automated equipment is more stable than manual, coupled with the main production and manufacturing areas of labor costs rise year by year, so the future demand for automated special machinery and equipment, although the short term due to unstable demand and affect the customer's willingness to invest in equipment, but in the medium and long term the demand for automated equipment will certainly grow year by year.Supply and Demand of Market

A. 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

With the development of the medical industry, medical products continue to upgrade, industry standards improve, the traditional mode of production can no longer meet the new standard requirements; at the same time, because of the domestic medical supplies collection price reduction, in order to reduce the production of non-saturated production and labor-intensive conditions, more companies began to consider the introduction of automated equipment to reduce production costs. In the future, the demand for automation in the medical industry will gradually increase.

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 9001, ISO 14001, ISO 22301 IATF16949 and ISO 45001 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 labor cost in Singapore, the Group invests in automated inspection equipment for MAPP to reduce its production cost, improve output quality and efficiency.

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 clean room capacity

Medical products are generally low-mix high-volume in nature and must be produced in a highly clean condition. MAPP has one of the largest cleanroom capacity in Singapore. This is especially so with the recent completion of our 3-storey expansion.

The Group's long-established knowhow in precision mold-making allows it to support diverse requirements from customers.

D. MedTech Manufacturing expertise and Know-how:

MAPP has developed internal system and protocols that suits very well for various medical device and life science manufacturing needs. From Medical device specific raw materials selection to R&D and Mold fabrication, MAPP differentiates from market.

(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

Favorable Factors

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 ISO 45001, 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 24.3% of the operating income of the whole Group in 2022. 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 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. New manufacturing investments in Singapore from Sanofi, Thermofisher and many other leading players.

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 barriers of entry for any potential entrants into the bio-medical manufacturing eco-system.

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/ Digitalisation of factory processes and increase in use of digital / automation tools will also help in reducing the dependence on human labour.

B. Increasing energy cost, oil price, shipping cost and lead time of raw materials due to in part to the pandemic and also to the current Russian ~ Ukraine war.

Corresponding Strategies

Establish digital supply chain infrastructure with raw material distributors, get customer forecast earlier and scheduled cargo planning 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 In terms of R&D 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.

C. Labor cost in Chine are rising, and major 3C customers are considering relocating to Southeast Asia such as Vietnam and Thailand, increasing the pressure of competition in the future.

Coping strategies

We should make use of our status as a major supplier to enter the Southeast Asian market, do a good job of local market research, actively cooperate with local customers, and explore their potential demand, which is both a challenge and an opportunity for us.

### 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 → Degreasing → Surface modificati → Electroplating → Dimensional measurement → Appearance → Packing

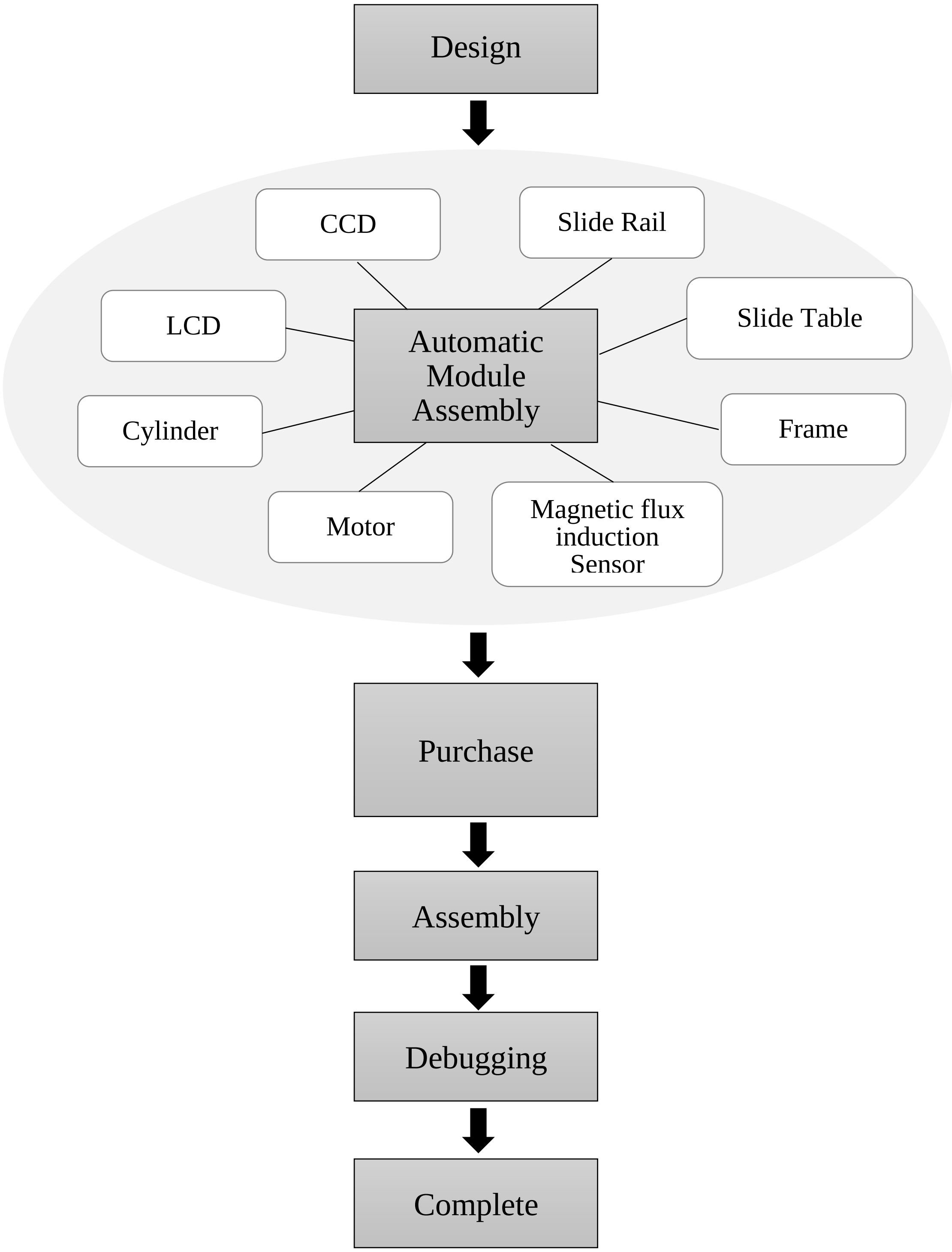
(2) MAPP

■ Manufacturing process of the medical plastic product

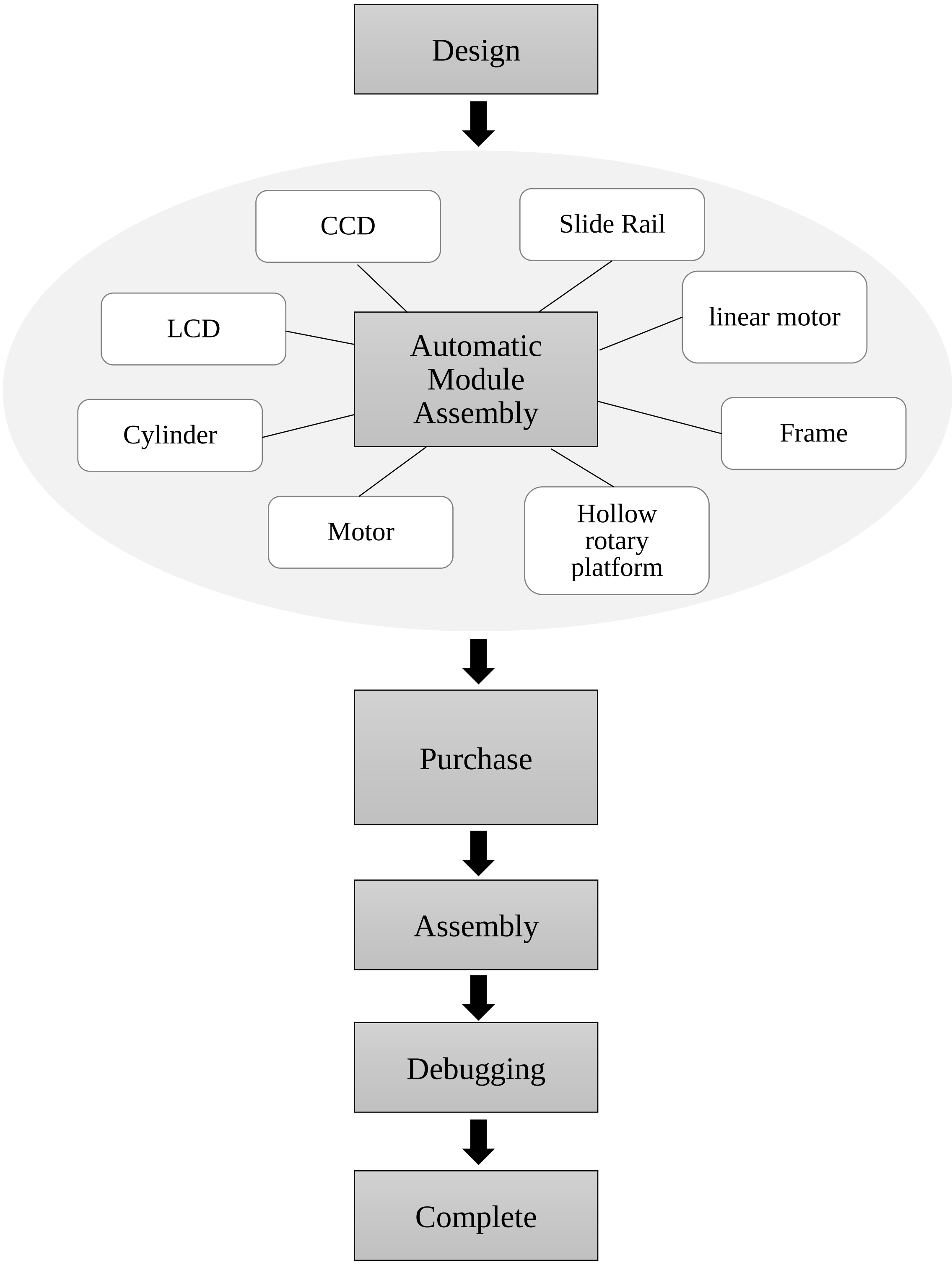
Confirmation of raw material specification → Mold fabrication → Functionality test and specification check → Appearance and other detections → Packaging for delivery

(3) Suzhou Amould

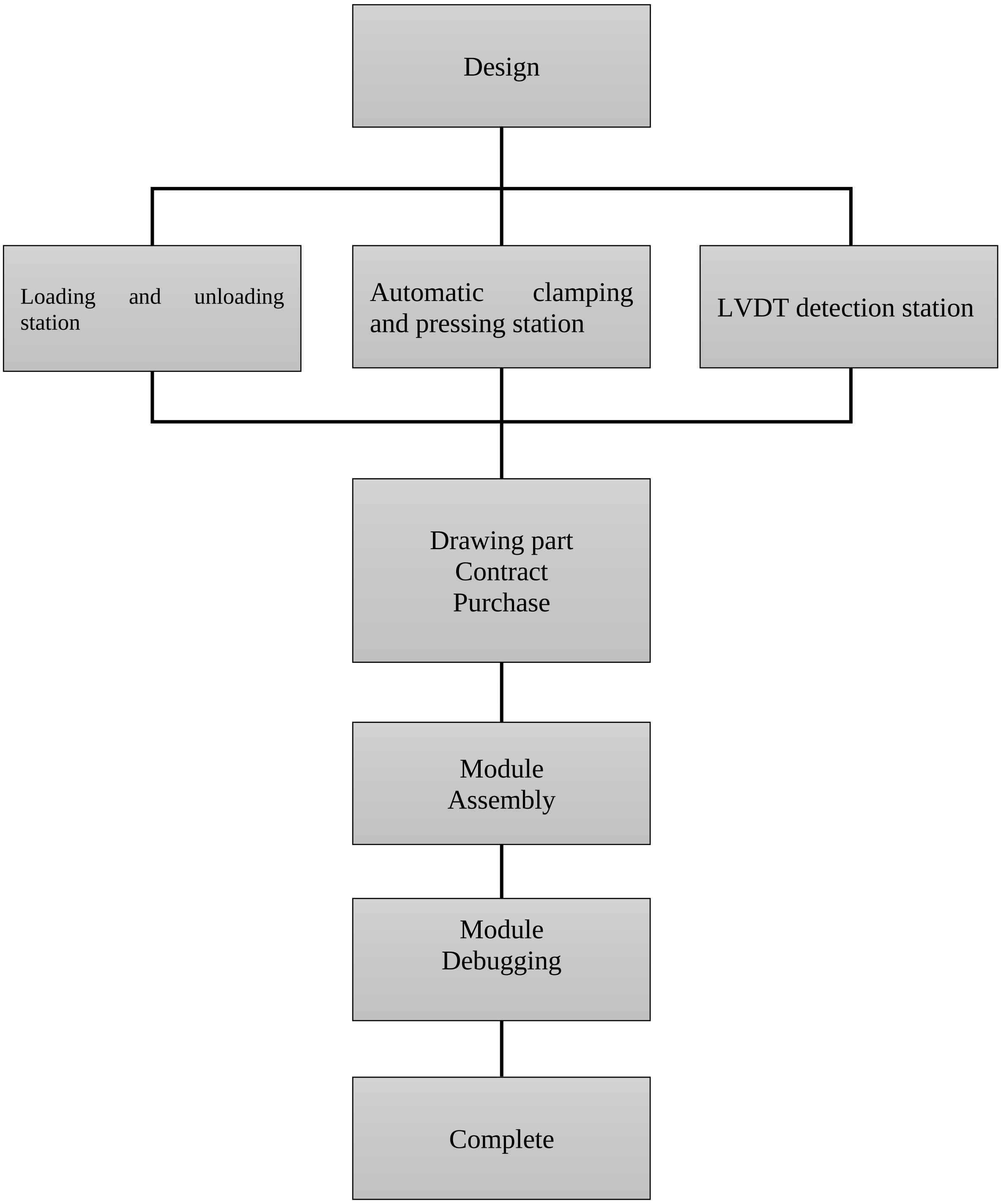
- Manufacturing process of Magnetic flux measuring machine



■ 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

| | 2021 | | | | 2022 | | | | 2023.03.31 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | As % of total net procurement | Relation to the Company | 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 | 145,400 | 13.31 | None | AB Company | 95,847 | 9.00 | None | AB Company | 15,122 | 9.10 | None |
| 2 | CD Company | 141,668 | 12.97 | None | CD Company | 83,245 | 7.81 | None | CD Company | 8,154 | 4.91 | None |
| 3 | — | — | — | — | — | — | — | — | EF Company | 27,059 | 16.28 | None |
| 4 | Others | 805,398 | 73.72 | — | Others | 886,367 | 83.19 | — | Others | 115,846 | 69.71 | — |
| | Total net procurement | 1,092,466 | 100.00 | — | Total net procurement | 1,065,459 | 100.00 | — | Total net procurement | 166,181 | 100.00 | — |

Reasons for increase or decrease:

(1) AB and CD Company are both of the company's major suppliers of iron materials. Due to the difference in product sales mix in 2022, the net purchases amount and the proportion of purchases from AB and CD company are decreased compared to 2021.

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

Unit: NT$ thousands

| | 2021 | | | | 2022 | | | | 2023.03.31 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | As % of total net Revenue | Relation to the Company | 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 | 462,936 | 21.35% | A Group | A Group | 356,405 | 15.67% | None | A Group | 145,914 | 23.42% | None |
| 2 | S Group | 349,158 | 16.11% | None | Min Aik Group | 321,562 | 14.13% | A Group | A Company | 108,982 | 17.49% | None |
| 3 | J Company | 253,359 | 11.69% | None | J Company | 280,620 | 12.33% | None | J Company | 78,804 | 12.65% | None |
| 4 | A Company | 217,629 | 10.04% | None | S Group | 244,983 | 10.77% | None | — | — | — | — |
| 5 | Others | 884,821 | 40.81% | — | Others | 1,071,447 | 47.10% | — | Others | 289,329 | 46.44% | — |
| | Total net Revenue | 2,167,903 | 100.00% | — | Total net Revenue | 2,275,017 | 100.00% | — | Total net Revenue | 623,029 | 100.00% | — |

Reasons for increase or decrease:

(1) A Group: It is a new customer in recently years, due to the mature technology of the production process, the sales amount increased.

(2) Min Aik Group: Due to the reduction in demand from end customers, the sales amount and proportion in 2022 are both lower than in 2021.

(3) J Company: Due to the impact of the production and sales mix and increase in customer orders, the sales amount and proportion in 2022 are both higher than in 2021.

(4) S Group: Due to the reduction in demand from end customers, the sales amount and proportion in 2022 are both lower than in 2021.

(5) A Company: The automation equipment business has not changed significantly, but the effect of the product mix, the sales proportion in 2022 has declined slightly.

### 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) | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Capacity | Production | Value | Capacity | Production | Value |
| Hard Disk Drive stamping components | 387,526 (Note) | 170,647 | 750,463 | 529,732 (Note) | 79,933 | 494,951 |
| Other electronic stamping components | | 70,760 | 294,508 | | 132,896 | 529,874 |
| Plastic injection parts | 1,550,111 | 1,240,089 | 339,118 | 1,660,744 | 1,328,595 | 456,125 |
| Automated machine | 1.001 | 0.402 | 265,636 | 1.000 | 0.408 | 267,675 |
| Total | 1,937,638 | 1,481,496 | 1,649,725 | 2,190,477 | 1,541,424 | 1,748,625 |

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) | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic sales | | Export sales | | Domestic sales | | Export sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Hard Disk Drive stamping components | 32,815 | 185,886 | 123,627 | 616,471 | 23,457 | 157,379 | 62,129 | 396,669 |
| Other electronic stamping components | 10,063 | 181,418 | 67,161 | 147,801 | 6,324 | 151,715 | 108,585 | 481,403 |
| Plastic injection parts | 190 | 969 | 1,214,610 | 479,433 | 430 | 2,365 | 1,315,465 | 575,654 |
| Automated machine | 0.002 | 6 | 3 | 414,105 | — | — | 2 | 337,069 |
| Other (Note) | — | 10,997 | — | 130,817 | — | 12,526 | — | 160,237 |
| Total | 43,068 | 379,276 | 1,405,401 | 1,788,627 | 30,211 | 323,985 | 1,486,181 | 1,951,032 |

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 | | 2021 | 2022 | As of 2023/04/30 |
|---|---|---|---|---|
| Number of employees | | 913 | 919 | 894 |
| Average age | | 38 | 38 | 39 |
| Average years of service (year) | | 6 | 7 | 7 |
| Distribution of Educational Background | Ph.D. | 0% | 0% | 0% |
| | Master | 2% | 1% | 1% |
| | College | 41% | 35% | 35% |
| | High school and below | 57% | 64% | 64% |

### 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.

(4) Retirement conditions shall be handled in accordance with local laws and regulations. The applicable regulations for employees in the ROC are as follows:

A. Those who joined the company after July 1, 2005 (inclusive) shall fully apply the Labor Pension Act.

B. Those who joined the company before July 1, 2005 (exclusive) may choose to continue to apply the pension provisions of the Labor Standards Act or the Labor Pension Act within five years from that date.

C. Employees who meet the retirement requirements of the Labor Standards Act may apply for retirement.

(5) Set up employee stock ownership trusts, in order to achieve long-term savings through continuous accumulation and ensure the stability of employees' retirement life. ◦

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 ISO14001 certification and OHSAS 18001 certification in March 2009, SA8000 certification in February 2020, RBA certification in July 2020, and ISO 45001 certification in February 2021.

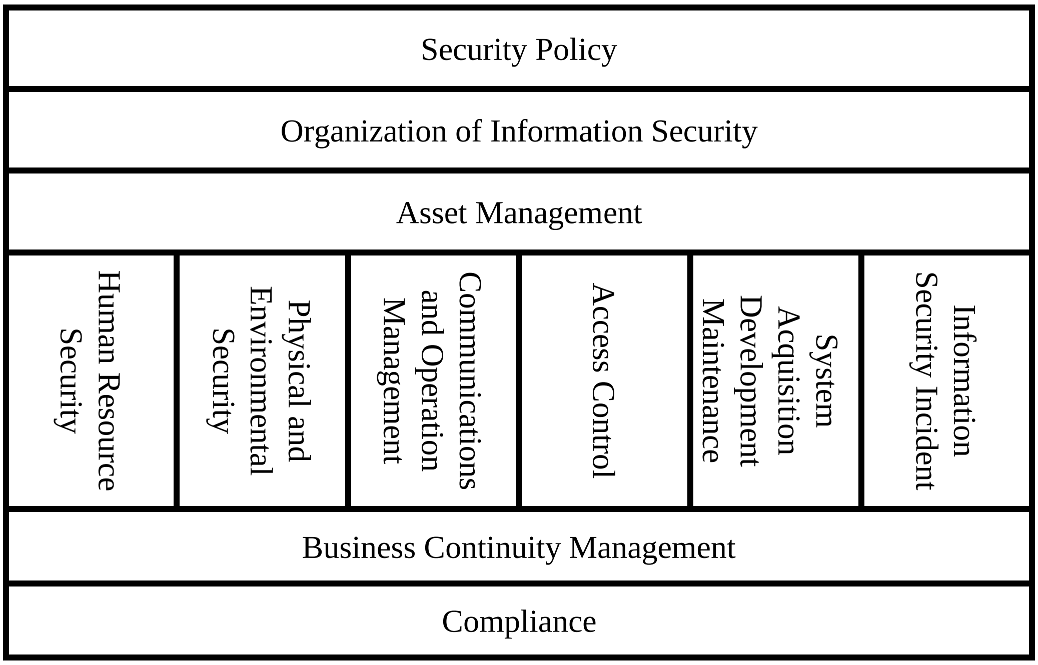
**5.5.2 The losses as a result of labor disputes in recent years and as of the date of publication of the annual report were listed, and the estimated amount and countermeasures that occur at present and might occur in the future were disclosed. If they cannot be estimated, the fact that they cannot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

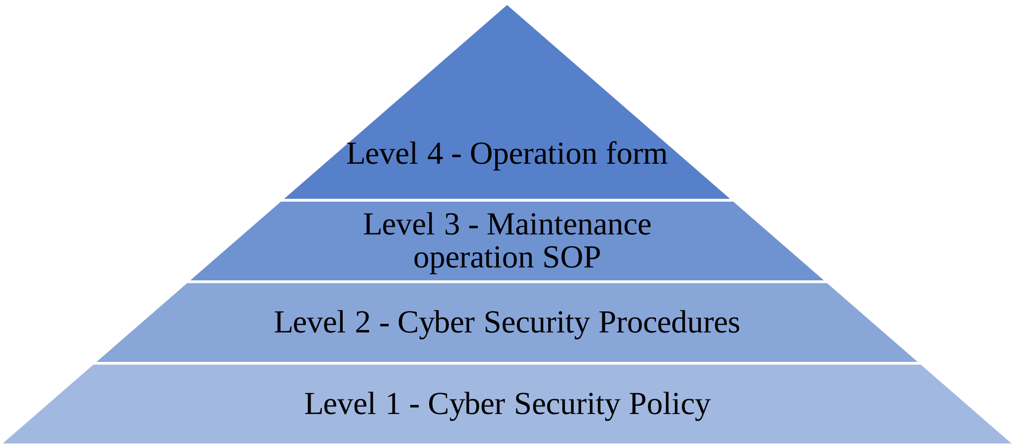
## 5.6 Cyber security management

### 5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Risk management framework:




2. Cyber security policies：In order to implement the system, the following four-level documents are therefore established:




3. Concrete management programs：

(1) Establish various management and comprehensive records of various information activities:

Mobile storage management, document operation management, authorized connection management, equipment usage management, asset record management.

(2) The company has not yet purchased capital security insurance. In order to implement risk management, before completing the insurance, the specific preventive measures are as follows:

A. Backup data encryption.
B. The data storage device actually builds a three-tier structure.
C. Three different places to store.

4. investments in resources for cyber security management：

In order to strengthen information security, in addition to the necessary software and hardware costs, the company continuously invests manpower and related resources to implement the following measures:

**Propaganda**
- Newcomer training
- Cyber Security Concept Announcement

**Training**
- Employee cyber security training
- iPAS Course for cyber Security Officers
- Disaster recovery

**Security**
- ISP network protection
- Internet Firewall Protection
- Antivirus software protection

**Risk management**
- Email audit
- Cyber Security Authority
- File permission

**Backup**
- System Architecture Backup
- File backup
- Offsite backup of important files

**5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None**

## 5.7 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 | 2022.01.22~ 2024.01.22 | Medium and long-term loans | None |
| Loan contract | Hua Nan Bank | 2022.03.23~ 2024.03.22 | 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 |

(3) Suzhou Amould

| Contractual nature | Concerned Party | Contract Date | Main contents | Restrictive clause |
|---|---|---|---|---|
| Lease contract | Suzhou Yifeng Automation Equipment Co., Ltd. | 2022.7.15~ 2027.7.14 | 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) | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 | As of 2023/3/31 |
| Current assets | | 1,900,436 | 1,578,814 | 1,818,796 | 1,811,294 | 1,919,725 | 1,853,928 |
| Investments accounted for using equity method | | 107,991 | 68,521 | 37,016 | 29,323 | 11,650 | 6,525 |
| Property, plant and equipment (Note 2) | | 1,098,142 | 1,074,668 | 1,113,511 | 1,117,731 | 1,172,246 | 1,173,035 |
| Intangible assets | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets (Note 3) | | 51,152 | 230,537 | 161,626 | 118,747 | 176,933 | 187,185 |
| Total assets | | 3,157,721 | 2,952,540 | 3,130,949 | 3,077,095 | 3,280,554 | 3,220,673 |
| Current liabilities | Before distribution | 897,168 | 703,333 | 894,294 | 998,692 | 908,941 | 965,973 |
| | After distribution | 924,118 | 730,283 | 936,644 | 1,052,592 | 1,024,441 | Not Yet Distributed |
| Non-current liabilities | | 531,393 | 536,799 | 535,468 | 365,104 | 473,381 | 357,406 |
| Total liabilities | Before distribution | 1,428,561 | 1,240,132 | 1,429,762 | 1,363,796 | 1,382,322 | 1,323,379 |
| | After distribution | 1,455,511 | 1,267,082 | 1,472,112 | 1,417,696 | 1,497,822 | Not Yet Distributed |
| Equity attributable to owners of parent | | 1,729,160 | 1,712,408 | 1,701,187 | 1,713,299 | 1,898,232 | 1,897,294 |
| Capital stock | | 770,000 | 770,000 | 770,000 | 770,000 | 770,000 | 770,000 |
| Capital surplus | Before distribution | 731,335 | 704,385 | 685,135 | 654,335 | 642,785 | 642,785 |
| | After distribution | 704,385 | 685,135 | 654,335 | 642,785 | 642,785 | Not Yet Distributed |
| Retained earnings | Before distribution | 292,772 | 308,149 | 331,384 | 409,828 | 535,128 | 532,931 |
| | After distribution | 292,772 | 300,449 | 319,834 | 367,478 | 419,628 | Not Yet Distributed |
| Other equity interest | | (64,947) | (70,126) | (85,332) | (120,864) | (49,681) | (48,422) |
| Treasury stock | | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interest | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | After distribution | 1,729,160 | 1,712,408 | 1,701,187 | 1,713,299 | 1,898,232 | 1,897,294 |
| | Before distribution | 1,702,210 | 1,685,458 | 1,658,837 | 1,659,399 | 1,782,732 | Not Yet Distributed |

Note 1: The financial statements from 2018 to 2022 had been duly certified by CPAs. The financial statements as March 31, 2023 based on IFRS which is approved, issued and go into effect by Financial Supervisory Commission R.O.C (Taiwan).

Note 2: Company has not revaluation of assets as of March 31, 2023.

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

Note 4: The above after distribution was decided via the Board of Directors.

**The Consolidated Condensed Statement of Comprehensive Income (IFRS)**

Unit: NT$ thousands

| Item \ Year | Financial information for the past five years (Note 1) | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | As of 2023/3/31 |
| Operating revenue | 2,073,532 | 1,797,291 | 1,921,700 | 2,167,903 | 2,275,017 | 623,029 |
| Gross profit from operations | 360,103 | 398,249 | 435,427 | 459,964 | 485,222 | 72,748 |
| Net operating Income | (53,333) | 47,780 | 114,066 | 130,000 | 166,756 | 6,636 |
| Non-operating income and expenses | 19,124 | (46,113) | (60,602) | (15,045) | 55,362 | (6,737) |
| Profit before income tax | (34,209) | 1,667 | 53,464 | 114,955 | 222,118 | (101) |
| Net Profit | (56,767) | 14,160 | 29,987 | 89,217 | 161,828 | (2,197) |
| Other comprehensive income (net of income tax) | (2,265) | (3,962) | (14,258) | (34,755) | 77,005 | 1,259 |
| Total comprehensive income | (59,032) | 10,198 | 15,729 | 54,462 | 238,833 | (938) |
| Net profit attributable to owners of parent | (56,767) | 14,160 | 29,987 | 89,217 | 161,828 | (2,197) |
| Total comprehensive income attributable to owners of parent | (59,032) | 10,198 | 15,729 | 54,462 | 238,833 | (938) |
| Earnings per share | (0.74) | 0.18 | 0.39 | 1.16 | 2.10 | (0.03) |

Note 1: The financial statements from 2018 to 2022 had been duly certified by CPAs. The financial statements as March 31, 2023 based on IFRS which is approved, issued and go into effect by Financial Supervisory Commission R.O.C (Taiwan).

## The Condensed Statement of Financial Position (IFRS)

Unit: NT$ thousands

| Item \ Year | | Financial information for the past five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Current assets | | 854,232 | 699,062 | 720,231 | 844,792 | 824,055 |
| Investments accounted for using equity method | | 955,135 | 850,850 | 956,989 | 902,845 | 1,049,020 |
| Property, plant and equipment (Note 2) | | 914,946 | 890,111 | 943,795 | 949,148 | 979,759 |
| Intangible assets | | 0 | 0 | 0 | 0 | 0 |
| Other assets (Note 3) | | 39,073 | 140,337 | 87,772 | 55,689 | 53,261 |
| Total assets | | 2,763,386 | 2,580,360 | 2,708,787 | 2,752,474 | 2,906,095 |
| Current liabilities | Before distribution | 521,404 | 417,187 | 546,849 | 746,260 | 651,926 |
| | After distribution | 548,354 | 444,137 | 589,199 | 800,160 | 767,426 |
| Non-current liabilities | | 512,822 | 450,765 | 460,751 | 292,915 | 355,937 |
| Total liabilities | Before distribution | 1,034,226 | 867,952 | 1,007,600 | 1,039,175 | 1,007,863 |
| | After distribution | 1,061,176 | 894,902 | 1,049,950 | 1,093,075 | 1,123,363 |
| Equity attributable to owners of parent | | 1,729,160 | 1,712,408 | 1,701,187 | 1,713,299 | 1,898,232 |
| Capital stock | | 770,000 | 770,000 | 770,000 | 770,000 | 770,000 |
| Capital surplus | Before distribution | 731,335 | 704,385 | 685,135 | 654,335 | 642,785 |
| | After distribution | 704,385 | 685,135 | 654,335 | 642,785 | 642,785 |
| Retained earnings | Before distribution | 292,772 | 308,149 | 331,384 | 409,828 | 535,128 |
| | After distribution | 292,772 | 300,449 | 319,834 | 367,478 | 419,628 |
| Other equity interest | | (64,947) | (70,126) | (85,332) | (120,864) | (49,681) |
| Treasury stock | | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interest | | 0 | 0 | 0 | 0 | 0 |
| Total equity | Before distribution | 1,729,160 | 1,712,408 | 1,701,187 | 1,713,299 | 1,898,232 |
| | After distribution | 1,702,210 | 1,685,458 | 1,658,837 | 1,659,399 | 1,782,732 |

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

Note 2: Company has not revaluation of assets as of December 31, 2022.

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

Note 4: The above after distribution was decided via the Board of Directors.

**The Condensed Statement of Comprehensive Income (IFRS)**

Unit: NT$ thousands

| Item \ Year | Financial analysis for the past five years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Operating revenue | 1,032,296 | 903,555 | 957,882 | 1,144,759 | 1,203,566 |
| Gross profit from operations | 108,960 | 144,452 | 124,248 | 160,395 | 185,678 |
| Net operating Income | (68,498) | (14,598) | (53,097) | 3,822 | 17,439 |
| Non-operating income and expenses | 23,764 | (11,794) | 86,127 | 96,089 | 185,837 |
| Profit before income tax | (44,734) | (26,392) | 33,030 | 99,911 | 203,276 |
| Net profit | (56,767) | 14,160 | 29,987 | 89,217 | 161,828 |
| Other comprehensive income (net of income tax) | (2,265) | (3,962) | (14,258) | (34,755) | 77,005 |
| Total comprehensive income | (59,032) | 10,198 | 15,729 | 54,462 | 238,833 |
| Earnings per share | (0.74) | 0.18 | 0.39 | 1.16 | 2.10 |

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 |
|---|---|---|
| 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 |
| 2021 | KPMG / Chen, Cheng-Chien & Huang, Yung-Hua | Unqualified Opinion |
| 2022 | KPMG /Yu, Sheng-Ho & Huang, Yung-Hua | Unqualified Opinion |

### 6.2 Financial analysis for the past five years

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

| Item | | Financial analysis for the past five years (Note 1) | | | | | |
|---|---|---|---|---|---|---|---|
| | Year | 2018 | 2019 | 2020 | 2021 | 2022 | As of 2023/3/31 |
| Financial structure | Debt Ratio (%) | 45.24 | 42.00 | 45.67 | 44.32 | 42.14 | 41.09 |
| | Ratio of long-term capital to property, plant and equipment (%) | 205.85 | 209.29 | 200.87 | 185.95 | 202.31 | 192.21 |
| Solvency | Current ratio (%) | 211.83 | 224.48 | 203.38 | 181.37 | 211.20 | 191.92 |
| | Quick ratio (%) | 175.14 | 178.26 | 160.66 | 131.11 | 134.04 | 140.60 |
| | Interest Coverage Ratio | (2.89) | 1.12 | 5.04 | 12.09 | 19.41 | 0.98 |
| Operating ability | Accounts receivable turnover (times) | 3.13 | 3.73 | 4.08 | 4.13 | 4.40 | 3.94 |
| | Average collection days | 116.61 | 97.85 | 89.46 | 88.37 | 82.95 | 92.63 |
| | Inventory turnover (times) | 6.39 | 5.13 | 4.73 | 4.15 | 3.38 | 4.38 |
| | Accounts payable turnover (times) | 7.06 | 6.43 | 6.23 | 5.98 | 7.57 | 14.59 |
| | Average days in sales | 57.12 | 71.15 | 77.16 | 87.95 | 107.98 | 83.33 |
| | Property, plant and equipment turnover (times) | 2.67 | 1.65 | 1.76 | 1.94 | 1.99 | 2.13 |
| | Total assets turnover (times) | 0.70 | 0.59 | 0.63 | 0.70 | 0.72 | 0.77 |
| Profitability | Return on total assets (%) | (1.61) | 0.92 | 1.42 | 3.13 | 5.37 | 0.23 |
| | Return on stockholders' equity (%) | (3.19) | 0.82 | 1.76 | 5.23 | 8.96 | (0.46) |
| | Pre-tax income to paid-in capital (%) | (4.44) | 0.22 | 6.94 | 14.93 | 28.85 | (0.05) |
| | Profit ratio (%) | (2.74) | 0.79 | 1.56 | 4.12 | 7.11 | (0.35) |
| | Earnings per share (NT$) | (0.74) | 0.18 | 0.39 | 1.16 | 2.10 | (0.03) |
| Cash flow | Cash flow ratio (%) | 27.37 | 28.34 | 1.77 | 14.45 | (0.85) | (13.81) |
| | Cash flow adequacy ratio (%) | 68.67 | 63.46 | 33.83 | 37.46 | 34.60 | 43.74 |
| | Cash reinvestment ratio (%) | 6.16 | 5.30 | (Note 2) | 3.08 | (Note 2) | (Note 2) |
| Leverage | Operating leverage | (6.22) | 8.19 | 3.57 | 3.35 | 2.87 | 12.56 |
| | Financial leverage | 0.86 | 1.42 | 1.13 | 1.09 | 1.08 | 2.58 |

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 decrease in the inventory turnover and the increase in the average days in sales were due to the increase in the end of the inventory.
3. The increase in the accounts payable turnover times was due to decrease in the end of the accounts payable.
4. 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.
5. The decrease in cash flow ratio was due to increase in net cash outflows 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.

(2) Financial analysis - Financial Statements (IFRS)

| Item | Year | Financial analysis for the past five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Financial structure | Debt Ratio (%) | 37.43 | 33.64 | 37.20 | 37.75 | 34.68 |
| | Ratio of long-term capital to property, plant and equipment (%) | 245.04 | 243.02 | 229.07 | 211.37 | 230.07 |
| Solvency | Current ratio (%) | 163.83 | 167.57 | 131.71 | 113.20 | 126.40 |
| | Quick ratio (%) | 131.83 | 134.62 | 109.76 | 79.08 | 66.46 |
| | Interest Coverage Ratio | (4.68) | (1.84) | 4.61 | 16.67 | 23.80 |
| Operating ability | Accounts receivable turnover (times) | 3.39 | 3.63 | 3.80 | 3.70 | 3.72 |
| | Average collection days | 107.66 | 100.55 | 96.05 | 98.64 | 98.11 |
| | Inventory turnover (times) | 7.28 | 6.46 | 7.94 | 5.71 | 3.84 |
| | Accounts payable turnover (times) | 6.41 | 6.33 | 6.81 | 5.97 | 7.15 |
| | Average days in sales | 50.13 | 56.50 | 45.96 | 63.92 | 95.05 |
| | Property, plant and equipment turnover (times) | 1.76 | 1.00 | 1.04 | 1.21 | 1.25 |
| | Total assets turnover (times) | 0.39 | 0.34 | 0.36 | 0.42 | 0.43 |
| Profitability | Return on total assets (%) | (1.78) | 0.34 | 1.45 | 3.48 | 5.97 |
| | Return on stockholders' equity (%) | (3.19) | 0.82 | 1.76 | 5.23 | 8.96 |
| | Pre-tax income to paid-in capital (%) | (5.81) | (3.43) | 4.29 | 12.98 | 26.40 |
| | Profit ratio (%) | (5.50) | 1.57 | 3.13 | 7.79 | 13.45 |
| | Earnings per share (NT$) | (0.74) | 0.18 | 0.39 | 1.16 | 2.10 |
| Cash flow | Cash flow ratio (%) | 5.54 | 14.88 | (4.91) | (10.09) | (7.32) |
| | Cash flow adequacy ratio (%) | 52.39 | 39.22 | 19.34 | (5.91) | (4.26) |
| | Cash reinvestment ratio (%) | (Note 2) | 1.24 | (Note 2) | (Note 2) | (Note 2) |
| Leverage | Operating leverage | (1.53) | (10.07) | (1.90) | 42.07 | 10.15 |
| | Financial leverage | 0.90 | 0.61 | 0.85 | (1.50) | 2.05 |

| |
|---|
| Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)<br>1. The increase in the interest coverage ratio was due to the increase in profit before income tax.<br>2. The decrease in the inventory turnover and the increase in the average days in sales were due to the increase in the end of the inventory.<br>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.<br>4. The increase in cash flow ratio was due to the net cash outflows from operating activities decrease compared to the 2021, resulted in the rate of cash flow ratio and the rate of cash flow adequacy ratio are higher than the previous period.<br>5. The change in operating leverage and financial leverage were due to the increase in operating income. |

Note 1: The financial statements from 2018 to 2022 had been duly certified by CPAs. The financial statements as March 31, 2023 based on IFRS which is approved, issued and go into effect by Financial Supervisory Commission R.O.C (Taiwan).

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 2022

The individual financial report and consolidated financial report of 2022 of the company, which were prepared by its Board of Directors, have been certified by Yu, Sheng-Ho 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:
2023 Annual General Meeting of Min Aik Precision Industrial Co., Ltd.

Convener of Audit Committee: Sun, Chu-Wei

March 17, 2023

**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

| Year / Item | 2021 | | 2022 | | Difference | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Current assets | 1,811,294 | 59% | 1,919,725 | 59% | 108,431 | 6% |
| Investments accounted for using equity method | 29,323 | 1% | 11,650 | 0% | (17,673) | (60%) |
| Property, plant and equipment | 1,117,731 | 36% | 1,172,246 | 36% | 54,515 | 5% |
| Other assets | 118,747 | 4% | 176,933 | 5% | 58,186 | 49% |
| Total assets | 3,077,095 | 100% | 3,280,554 | 100% | 203,459 | 7% |
| Current liabilities | 998,692 | 32% | 908,941 | 28% | (89,751) | (9%) |
| Non-current liabilities | 365,104 | 12% | 473,381 | 14% | 108,277 | 30% |
| Total liabilities | 1,363,796 | 44% | 1,382,322 | 42% | 18,526 | 1% |
| Capital stock | 770,000 | 25% | 770,000 | 23% | 0 | 0% |
| Capital surplus | 654,335 | 21% | 642,785 | 20% | (11,550) | (2%) |
| Retained earnings | 409,828 | 14% | 535,128 | 16% | 125,300 | 31% |
| Other equity interest | (120,864) | (4%) | (49,681) | (1%) | 71,183 | 59% |
| Total equity | 1,713,299 | 56% | 1,898,232 | 58% | 184,933 | 11% |

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

1. The investment accounted for using equity method decreased by NT$17,673 thousand, a decrease of 60%. This was mainly due to the recognition of investment loss from the invested company.
2. Other assets include right-of-use assets and other non-current assets, which increased NT$58,186 thousand, an increase of 49%. This was mainly due to the increase of deferred tax assets from the previous period.
3. Non-current liabilities increased by NT$108,277 thousand, an increase of 30%. This was mainly due to the increase in lease liabilities and long-term borrowings.
4. Retained earnings increased by NT$125,300 thousand, an increase of 31%. This was mainly due to the increase in net profits.
5. Other equity interest increased by NT$71,183 thousand, an increase of 59%. This was mainly due to the impact of exchange rate fluctuations, resulting in exchange differences on translation of foreign financial statements.

### 7.2 Analysis of Financial Performance

(1) Analysis of changes in Financial Performance

Unit: NT$ thousands

| Item \ Year | 2021 Amount | 2022 Amount | Difference | (%) |
|---|---|---|---|---|
| Operating revenue | 2,167,903 | 2,275,017 | 107,114 | 5% |
| Operating costs | 1,707,939 | 1,789,795 | 81,856 | 5% |
| Gross profit | 459,964 | 485,222 | 25,258 | 5% |
| Operating expenses | 329,964 | 318,466 | (11,498) | (3%) |
| Operating Income | 130,000 | 166,756 | 36,756 | 28% |
| Non-operating income and expenses | (15,045) | 55,362 | 70,407 | 468% |
| Profit before income tax | 114,955 | 222,118 | 107,163 | 93% |
| Minus: Income tax expense | 25,738 | 60,290 | 34,552 | 134% |
| Net profit | 89,217 | 161,828 | 72,611 | 81% |
| Other comprehensive income (net of income tax) | (34,755) | 77,005 | 111,760 | 322% |
| Total comprehensive income | 54,462 | 238,833 | 184,371 | 339% |

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

1. Operating income increased by NT$ 36,756 thousand, up by 28%. This was mainly due to the increase in operating revenue and reversal for doubtful debts, which resulted in a decrease in operating expenses, leading to an increase in net profit from operations compared to the previous year.

2. Non-operating income and expenses increased by NT$ 70,407 thousand, up by 468%. This was mainly due to the impact of exchange rate fluctuations, resulting in an increase in exchange gains compared to the previous year.

3. Income tax expense increased by NT$ 34,552 thousand, up by 134%, mainly due to the increase in pre-tax net profit for the current period.

4. Other comprehensive income for the period increased by NT$ 111,760 thousand, up by 322%. The increase was mainly due to the impact of exchange rate fluctuations, resulting in recognition of 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:

MAP and its subsidiaries operate in various industries. Firstly, the precision metal stamping business has been affected by the market environment. Traditional hard disk drive (HDD) manufacturers have experienced significant declines in sales in 2022. The biggest challenge currently faced by the Company is the decline of demand for products such as: enterprise cloud storage services, 3.5-inch hard drives and portable storage. The electronic component products are also affected by the slowdown in external economic environment, inflation, and war-related factors. Facing market pressure, looking forward to 2023, external environmental factors have not yet eliminated, and all supply chain providers face inventory issues, which will affect the sales performance of the Company's precision metal stamping business. However, the Company will enhance industry technology, and strengthen product competitiveness through the development and introduction of automated machinery. Besides, the Company will continue to develop new product businesses.

The plastic business has maintained stable growth. In recent years, many major European and American medical equipment manufacturers have set up their Asia-Pacific headquarters in Singapore. Our subsidiary MAPP can have direct face-to-face discussions and visits with various international medical brand companies nearby, expand and demonstrate our production and technical capabilities, increasing opportunities for contract manufacturing for these well-known manufacturers and sell products to Europe and America. In the future, we can also coordinate with customer’s arrangement in emerging market countries to seek opportunities for joint development and expand business opportunities. Furthermore, in the medium to long term, with the trend of industry upgrading, the demand for automation equipment will steadily increase.

Overall, considering the challenges and opportunities brought about by the external environment, our company will continue to focus on improving product quality and technological innovation. In terms of market sales, we will take chance on market demand, expand related product and marketing channels, and develop steadily through diversification to enable us to keep up with market trends and industry news and make timely adjustments and services. Most of our main customers are world-renowned manufacturers, and we will continue to provide high-quality customer service and establish good cooperation with them to gain higher levels of trust and recognition.

## 7.3 Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Unit: NT$ thousands

| Item \ Year | 2021 | 2022 | Variance (%) |
|---|---|---|---|
| Operating activities | 144,306 | (7,702) | (105%) |
| Investing activities | (104,602) | (112,755) | (8%) |
| Financing activities | (111,949) | (37,604) | 66% |
| Total | (72,245) | (158,061) | (119%) |

Analysis of change in cash flow in the current year:

1. Operating activities: the increase in net cash outflow for this period was mainly due to the decrease in accounts payable for this period.
2. Investing activities: the increase in net cash outflow for this period was mainly due to the purchasing of machinery and equipment, and there was no government grant received this year as compared to the same period last year.
3. Financing activities: the decrease in net cash outflow for this period was mainly due to the increase in bank borrowing.
4. In summary: the net cash outflow for the 2022 increased by NT$ 85,816 thousand as compared to 2021.

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

(3) Cash Flow Analysis for the Coming Year (2023)

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 |
| 683,529 | 277,185 | 230,945 | 729,769 | - | - |

1. Cash Flow Analysis for the Coming Year:
   a. Operating activities: The cash inflow from operating activities is estimated at NT$ 277,185 thousand in 2023.
   b. Investing activities: Expected to acquisition of machinery and equipment, estimated cash outflows at NT$ 37,905 thousand in 2023.
   c. Financing activities: Repayments of bank borrowings and dividend distributions to shareholders by cash, estimated cash outflows at NT$ 193,040 thousand in 2023.
   d. In summary, the total cash surplus in 2023 is approximately NT$ 729,769 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 (MAPP) | Own funds | 2022.03 | 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 2022, the Company recognized investment loss of NT$ 18,653 thousand by using the equity method of accounting, which was mainly due to the operating loss on overseas reinvestment company (MATC). The Company (MATC) is now actively developing hard disk related businesses, some new models have received orders from customers. It is expected that this year's profits will be improved.

(3) Investment Plans for the Coming Year: In order to meet the future needs of customers and products upgrade, the Company plans to upgrade and purchase new machines for the 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 NT$ 117 thousand with all variable factors remaining constant. This is mainly due to the Company's financial liabilities in variable-rate loans and deposits. 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 kept 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, 2022 would have decreased or increased the net profit before tax by NT$ 5,994 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 2022, 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 invested significant resources in the development of various new products for long. In the precision metal stamping division, we have made considerable investments in both hard disk and non-hard disk products to meet our customers' development needs. For hard disk products, various new molds and manufacturing process improvements have been actively invested in since the establishment of the Company. In the precision stamping products (non-hard disk), since the Company actively enters the field of automotive or electronic products, these products emphasize lightness, thinness, and durability, therefore, the Company has invested considerable resources in surface treatment and process development to meet customers' needs for innovation.

   As for the medical plastic business products, the Company will continue to invest resources gradually. In addition to developing new products in collaboration with existing customers, the Company will also invest in other non-medical product businesses in the future to expand product diversity.

   Regarding the automation equipment business products, since automation equipment itself is a highly customized business, the operating unit itself has considerable R&D and innovation capabilities to meet customer requirements. Moreover, with the recent rise in labor costs and the urgent need for automation by customers, the Company will continue to refine its technology, introduce and cultivate technical talent to meet the industry's quick-changing and innovation needs. We will continue to optimize product structures to improve yield and efficiency, accumulate technical experience, and strive for excellence to provide customers with more opportunities and increase the chances of acquiring customer orders for automation business.

2. Expected Research Expenditure

   The Company will continue on developing projects acquiring patents, investing R&D expenses accounting about 3% of total operating revenue in 2023, 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) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

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 terms of cyber security, the Company has obtained ISO22301 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.

Facing changes in the market, the Company will use its existing core technology to not only increase its share of the hard disk products market, but also continue to invest in technology development and business expansion. Through vertical integration of the three main businesses, we will develop more diversified products and create opportunities.

(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, ISO14001:2015, ISO45001:2018, IATF16949:2016 and SA8000:2014. The Company has also implemented the Responsible Business Alliance (RBA) policy.

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**

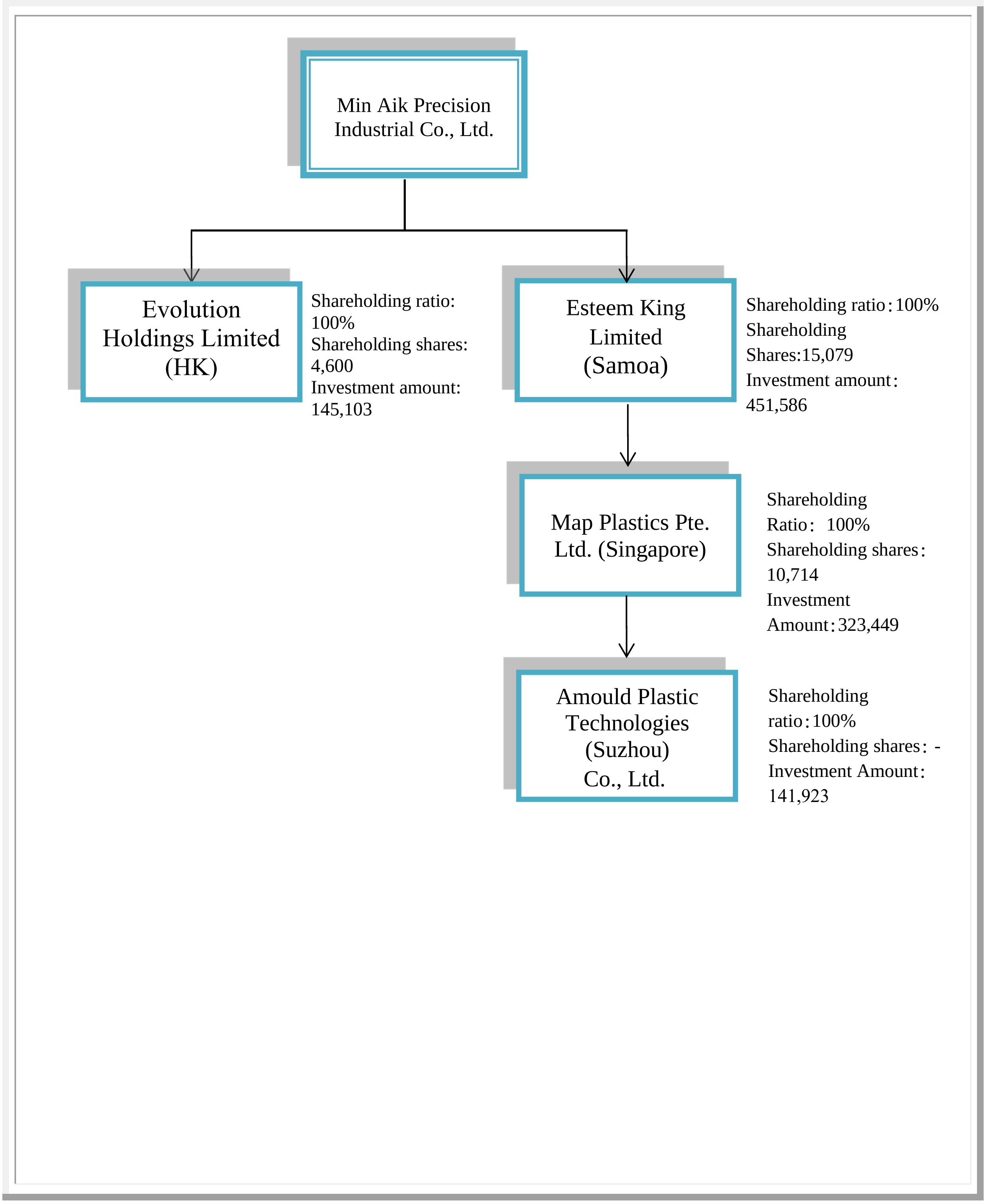
# VIII. Specially Noted Matters

## 8.1 Relevant information of Affiliated Enterprise

(1) Affiliates information

1. Organization chart of Affiliated Enterprise

2022/12/31; Unit: In Thousands



2. Basic information of affiliates

2022/12/31

| 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 15,079,352 | 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 | 11/13 Loyang Lane, Singapore 508928 | SGD 14,178,469 | Manufacture and sale medical injection molding |
| 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 | Design and manufacture automatic machines |

3. Business Scope of the Company and Its Affiliated Companies

2022/12/31

| Industry | Affiliated Companies name | Affiliated with business operations of Affiliated companies |
|---|---|---|
| General investing | Esteem King Limited (Samoa)<br>Evolution Holdings Limited (HK) | Holding company |
| Manufacturing | Map Plastics Pte. Ltd. (Singapore) | Manufacture and sale medical injection molding |
| Manufacturing | Amould Plastic Technologies (Suzhou) Co., Ltd. | Design and manufacture automatic machines |

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. | 15,079 | 100% |
| Evolution Holdings Limited (HK) | Director<br>Director | Fang, Kuang-Yi<br>Hsieh, Hsiu-Lan | 0<br>0 | -<br>- |
| Map Plastics Pte. Ltd. (Singapore) | Director<br>Director<br>Director | Chia, Kin-Heng<br>Loy, Chit-See<br>Fang, Kuang-Yi | 0<br>0<br>0 | -<br>-<br>- |
| Amould Plastic Technologies (Suzhou) Co., Ltd. | Chairman<br>Director<br>Director<br>Supervisor<br>President | Fang, Kuang-Yi<br>Hsieh, Hsiu-Lan<br>Li, Chung- Hsien<br>Hsiao, Chia-Ling<br>Fang, Kuang-Yi | 0<br>0<br>0<br>0<br>0 | -<br>-<br>-<br>-<br>- |

6. Affiliates' Operating Results

2022/12/31; 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) | 451,586 | 1,413,987 | 375,065 | 1,038,922 | - | (105) | 134,991 | 8.95 |
| Evolution Holdings Limited (HK) | 145,103 | 10,170 | 72 | 10,098 | - | (105) | (105) | (0.02) |
| Map Plastic Pte. Ltd. (Singapore) | 323,449 | 1,228,717 | 375,066 | 853,651 | 650,071 | 102,363 | 148,525 | 13.86 |
| Amould Plastic Technologies (Suzhou) Co., Ltd. | 213,774 | 498,374 | 180,291 | 318,083 | 430,161 | 47,152 | 59,967 | - |

(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: None.**

**【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, 2022 and 2021**

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.

## 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, 2022 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, 2023

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# 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 balance sheets as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 and 2021 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 Standards on Auditing of 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, 2022 and 2021, 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 Standards on Auditing of 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 the Standards on Auditing of 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 Sheng-Ho Yu and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2023

**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, 2022 and 2021

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

| | Assets | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 683,529 | 21 | 790,507 | 26 |
| 1170 | Notes and accounts receivable, net (notes 6(b) and (n)) | 458,296 | 14 | 347,222 | 11 |
| 1181 | Accounts receivable from related parties (notes 6(b), (n) and 7) | 69,070 | 2 | 159,777 | 5 |
| 1310 | Inventories (note 6(c)) | 595,637 | 18 | 464,432 | 15 |
| 1479 | Other current assets (notes 7 and 8) | 113,193 | 4 | 49,356 | 2 |
| | | 1,919,725 | 59 | 1,811,294 | 59 |
| | **Non-current assets:** | | | | |
| 1551 | Investments accounted for using equity method (note 6(d)) | 11,650 | - | 29,323 | 1 |
| 1600 | Property, plant and equipment (notes 6(e), 7 and 8) | 1,172,246 | 36 | 1,117,731 | 36 |
| 1755 | Right-of-use assets (note 6(f)) | 120,404 | 4 | 57,498 | 2 |
| 1995 | Other non-current assets (notes 6(j) and (k)) | 56,529 | 1 | 61,249 | 2 |
| | | 1,360,829 | 41 | 1,265,801 | 41 |
| | **Total assets** | $ 3,280,554 | 100 | 3,077,095 | 100 |

| | Liabilities and Equity | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (note 6(g)) | $ 310,000 | 10 | 215,360 | 7 |
| 2170 | Accounts payable (include related parties) (note 7) | 168,375 | 5 | 304,336 | 10 |
| 2201 | Salary and wages payable | 162,451 | 5 | 139,897 | 4 |
| 2230 | Current income tax liabilities | 25,251 | 1 | 17,795 | 1 |
| 2280 | Current lease liabilities (note 6(i)) | 12,901 | - | 1,110 | - |
| 2300 | Other current liabilities (note 7) | 165,963 | 5 | 156,194 | 5 |
| 2322 | Long-term borrowings, current portion (note 6(h)) | 64,000 | 2 | 164,000 | 5 |
| | | 908,941 | 28 | 998,692 | 32 |
| | **Non-Current liabilities:** | | | | |
| 2541 | Long-term borrowings (notes 6(h) and 8) | 290,000 | 9 | 254,000 | 8 |
| 2570 | Deferred tax liabilities (note 6(k)) | 83,416 | 2 | 55,507 | 2 |
| 2580 | Non-current lease liabilities (note 6(i)) | 99,965 | 3 | 55,597 | 2 |
| | | 473,381 | 14 | 365,104 | 12 |
| | **Total liabilities** | 1,382,322 | 42 | 1,363,796 | 44 |
| | **Equity attributable to owners of parent** (note 6(l))**:** | | | | |
| 3110 | Ordinary share | 770,000 | 23 | 770,000 | 25 |
| 3200 | Capital surplus | 642,785 | 20 | 654,335 | 21 |
| 3310 | Legal reserve | 244,413 | 7 | 235,414 | 8 |
| 3320 | Special reserve | 119,953 | 4 | 83,335 | 3 |
| 3350 | Unappropriated retained earnings | 170,762 | 5 | 91,079 | 3 |
| 3410 | Exchange differences on translation of foreign financial statements | (49,681) | (1) | (120,864) | (4) |
| | **Total equity** | 1,898,232 | 58 | 1,713,299 | 56 |
| | **Total liabilities and equity** | $ 3,280,554 | 100 | 3,077,095 | 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, 2022 and 2021

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

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4111 | Operating revenue (notes 6(n) and 7) | $ 2,289,571 | 101 | 2,182,028 | 101 |
| 4170 | Less: Sales returns and allowances | 14,554 | 1 | 14,125 | 1 |
| | **Net operating revenue** | 2,275,017 | 100 | 2,167,903 | 100 |
| 5111 | **Operating costs (notes 6(c), (i), (j), (o), 7 and 12)** | 1,789,795 | 79 | 1,707,939 | 79 |
| | **Gross profit from operations** | 485,222 | 21 | 459,964 | 21 |
| | **Operating expenses** (notes 6(b), (i), (j), (o), 7 and 12)**:** | | | | |
| 6100 | Selling expenses | 94,445 | 4 | 89,205 | 4 |
| 6200 | Administrative expenses | 178,361 | 8 | 160,948 | 7 |
| 6300 | Research and development expenses | 57,206 | 3 | 63,188 | 3 |
| 6450 | Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | (11,546) | (1) | 16,623 | 1 |
| | **Total operating expenses** | 318,466 | 14 | 329,964 | 15 |
| | **Net operating income** | 166,756 | 7 | 130,000 | 6 |
| | **Non-operating income and expenses** (notes 6(d), (e), (i), (p) and 7)**:** | | | | |
| 7100 | Interest income | 4,155 | - | 1,497 | - |
| 7010 | Other income | 24,146 | 2 | 27,114 | 1 |
| 7020 | Other gains and losses, net | 57,778 | 3 | (27,911) | (1) |
| 7050 | Finance costs | (12,064) | (1) | (10,366) | (1) |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | (18,653) | (1) | (5,379) | - |
| | | 55,362 | 3 | (15,045) | (1) |
| 7900 | **Profit before income tax** | 222,118 | 10 | 114,955 | 5 |
| 7950 | Less: Income tax expenses (note 6(k)) | 60,290 | 3 | 25,738 | 1 |
| | **Net profit** | 161,828 | 7 | 89,217 | 4 |
| 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 | 5,822 | - | 777 | - |
| 8360 | **Item that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 71,183 | 3 | (35,532) | (1) |
| 8300 | **Other comprehensive income (loss), net of income tax** | 77,005 | 3 | (34,755) | (1) |
| | **Total comprehensive income (loss)** | **$ 238,833** | **10** | **54,462** | **3** |
| | **Net profit, attributable to:** | | | | |
| | Owners of parent | **$ 161,828** | **7** | **89,217** | **4** |
| | **Total comprehensive income (loss) attributable to:** | | | | |
| | Owners of parent | **$ 238,833** | **10** | **54,462** | **3** |
| 9750 | **Basic earnings per share (NT dollars)** (note 6(m)) | $ | **2.10** | | **1.16** |
| 9850 | **Diluted earnings per share (NT dollars)** (note 6(m)) | $ | **2.09** | | **1.15** |

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, 2022 and 2021

### (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 | Exchange differences on translation of foreign financial statements | Total equity attributable to owners of parent | Total equity |
| **Balance at January 1, 2021** | $ 770,000 | 685,135 | 232,320 | 67,046 | 32,018 | (85,332) | 1,701,187 | 1,701,187 |
| Profit | - | - | - | - | 89,217 | - | 89,217 | 89,217 |
| Other comprehensive income (loss) | - | - | - | - | 777 | (35,532) | (34,755) | (34,755) |
| Total comprehensive income (loss) | - | - | - | - | 89,994 | (35,532) | 54,462 | 54,462 |
| Appropriation and distribution of retained earnings: | | | | | | | | |
| Legal reserve appropriated | - | - | 3,094 | - | (3,094) | - | - | - |
| Special reserve appropriated | - | - | - | 16,289 | (16,289) | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (11,550) | - | (11,550) | (11,550) |
| Cash dividends from capital surplus | - | (30,800) | - | - | - | - | (30,800) | (30,800) |
| **Balance at December 31, 2021** | 770,000 | 654,335 | 235,414 | 83,335 | 91,079 | (120,864) | 1,713,299 | 1,713,299 |
| Profit | - | - | - | - | 161,828 | - | 161,828 | 161,828 |
| Other comprehensive income (loss) | - | - | - | - | 5,822 | 71,183 | 77,005 | 77,005 |
| Total comprehensive income (loss) | - | - | - | - | 167,650 | 71,183 | 238,833 | 238,833 |
| Appropriation and distribution of retained earnings: | | | | | | | | |
| Legal reserve appropriated | - | - | 8,999 | - | (8,999) | - | - | - |
| Special reserve appropriated | - | - | - | 36,618 | (36,618) | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (42,350) | - | (42,350) | (42,350) |
| Cash dividends from capital surplus | - | (11,550) | - | - | - | - | (11,550) | (11,550) |
| **Balance at December 31, 2022** | **$ 770,000** | **642,785** | **244,413** | **119,953** | **170,762** | **(49,681)** | **1,898,232** | **1,898,232** |

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, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before income tax** | $ 222,118 | 114,955 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation and amortization expense | 104,274 | 108,631 |
| Expected credit (gain) loss | (11,546) | 16,623 |
| Interest expense | 12,064 | 10,366 |
| Interest income | (4,155) | (1,495) |
| Share of loss of associates and joint ventures accounted for using equity method | 18,653 | 5,379 |
| Loss on disposal of property, plant and equipment | 23 | 337 |
| Property, plant and equipment transferred to expenses | 880 | - |
| Impairment loss on non-financial assets | 6,003 | 3,360 |
| Others | (4,412) | - |
| **Total adjustments to reconcile profit** | 121,784 | 143,201 |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Accounts receivable | (8,821) | 18,974 |
| Inventories | (140,048) | (112,839) |
| Other current assets | (63,476) | (19,408) |
| Other operating assets | (667) | (587) |
| **Total changes in operating assets** | (213,012) | (113,860) |
| **Changes in operating liabilities:** | | |
| Accounts payable | (135,961) | 37,282 |
| Other current liabilities | 20,783 | (2,161) |
| **Total changes in operating liabilities** | (115,178) | 35,121 |
| **Total changes in operating assets and liabilities** | (328,190) | (78,739) |
| **Total adjustments** | (206,406) | 64,462 |
| Cash inflow generated from operations | 15,712 | 179,417 |
| Interest received | 3,675 | 1,515 |
| Interest paid | (11,779) | (10,699) |
| Income taxes paid | (15,310) | (25,927) |
| **Net cash flows (used in) from operating activities** | (7,702) | 144,306 |
| **Cash flows from (used in) investing activities:** | | |
| Decrease in financial assets at amortized cost | - | 4,852 |
| Acquisition of property, plant and equipment | (117,003) | (114,697) |
| Proceeds from disposal of property, plant and equipment | 402 | 44 |
| Proceeds of goverment grants - property, plant and equiptment | - | 6,241 |
| Decrease (increase) in refundable deposits | 3,951 | (42) |
| Increase in other financial assets | - | (1,000) |
| Increase in other non-current assets | (105) | - |
| **Net cash flows used in investing activities** | (112,755) | (104,602) |
| **Cash flows from (used in) financing activities:** | | |
| Increase in short-term borrowing | 472,740 | 449,230 |
| Decrease in short-term borrowing | (378,100) | (445,606) |
| Repayments of long-term borrowing | (64,000) | (64,000) |
| Payment of lease liabilities | (14,344) | (9,223) |
| Cash dividends paid | (53,900) | (42,350) |
| **Net cash flows used in financing activities** | (37,604) | (111,949) |
| **Effect of exchange rate changes on cash and cash equivalents** | 51,083 | (25,780) |
| **Net decrease in cash and cash equivalents** | (106,978) | (98,025) |
| **Cash and cash equivalents at beginning of period** | 790,507 | 888,532 |
| **Cash and cash equivalents at end of period** | $ **683,529** | **790,507** |

See accompanying notes to consolidated financial statements.

**(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, 2023.

**(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. 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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(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" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024 |

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.

(Continued)

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"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

**(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.

(Continued)

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, 2022** | **December 31, 2021** |
| 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.

(Continued)

(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.

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.

(Continued)

(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.

(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.

(Continued)

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) and contract assets.

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.

(Continued)

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: 30~56 years

2) Building facilities: 3~5 years

3) Machinery and equipment: 1~20 years

4) Office and other equipment：1~20 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

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 contracts conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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;

— 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;

(Continued)

— There is a change of its assessment on whether it will exercise a purchase, 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 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 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.

(Continued)

(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.

(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.

(Continued)

(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.

(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.

(Continued)

(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.

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 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.

(Continued)

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.

(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.

For government grants related to depreciated assets, the Group recognized as the deduction of the assets if there is reasonable assurance that the grants will be received and the Group will comply with the conditions associated with the grant; and through the decrease in depreciation expenses, the grants are then recognized in profit or loss during the useful lives of the depreciated assets.

(Continued)

**(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.

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 is a critical judgment made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

The Group owns 20% shares of the related party MATC Technology(M) Sdn. Bhd., and the rest of 80% shares are owned by another single shareholder. Therefore, it is determined that the Group has no significant influence on MATC Technology(M) Sdn. Bhd.

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(q) for assumptions used in measuring fair value.

(Continued)

## (6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash, petty cash, check and demand deposits | $ 400,224 | 524,527 |
| Time deposits | 283,305 | 265,980 |
| Cash and cash equivalents | **$ 683,529** | **790,507** |

Please refer to note 6(q) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes and accounts receivable (include related parties)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes receivable from operating activities | $ 30,016 | 28,441 |
| Accounts receivable | 438,014 | 339,643 |
| Accounts receivable-related parties | 69,070 | 159,777 |
| Less: Loss allowance | (9,734) | (20,862) |
| | **$ 527,366** | **506,999** |

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, 2022 | | |
|---|---|---|---|
| **Notes and Accounts Receivable -non-related parties** | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Current | $ 383,252 | 1% | 3,567 |
| Past due(days): | | | |
| 0 to 60 | 66,673 | 1% | 667 |
| 61 to 120 | 463 | 5% | 23 |
| 121 to 180 | 11,145 | 20% | 2,229 |
| 181 to 360 | 6,497 | 50% | 3,248 |
| | **$ 468,030** | | **9,734** |

(Continued)

| | December 31, 2022 | | |
|---|---|---|---|
| **Accounts Receivable -related parties** | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Current | $ **69,070** | 0% | **-** |

| | December 31, 2021 | | |
|---|---|---|---|
| **Notes and Accounts Receivable -non-related parties** | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Current | $ 311,411 | 1% | 3,376 |
| Past due(days): | | | |
| 0 to 60 | 14,140 | 1% | 141 |
| 61 to 120 | 8,671 | 5% | 434 |
| 121 to 180 | 67 | 20% | 13 |
| 181 to 360 | 33,795 | 50% | 16,898 |
| | $ **368,084** | | **20,862** |

| | December 31, 2021 | | |
|---|---|---|---|
| **Accounts Receivable -related parties** | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Current | $ 159,765 | 0% | - |
| Past due(days): | | | |
| 0 to 60 | 12 | 0% | - |
| | $ **159,777** | | **-** |

The movement in the allowance for notes and accounts receivable was as follows:

| | **2022** | **2021** |
|---|---|---|
| Balance on January 1, 2022 and 2021 | $ 20,862 | 4,354 |
| Impairment losses (reversed) recognized | (11,546) | 16,623 |
| Foreign exchange losses (gains) | 418 | (115) |
| Balance on December 31, 2022 and 2021 | $ **9,734** | **20,862** |

As of December 31, 2022 and 2021, the Group did not provide any notes and accounts receivable as collateral for its loans.

Please refer to note 6(q) for other credit risk.

(Continued)

(c) Inventory

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Raw materials and consumables | $ 83,425 | 79,880 |
| Work in progress | 105,651 | 109,696 |
| Finished goods | 406,561 | 274,856 |
| | **$ 595,637** | **464,432** |

The details of the cost of sales was as follows:

| | 2022 | 2021 |
|---|---|---|
| Cost of goods sold | $ 1,667,916 | 1,619,827 |
| Abnormal amounts of production costs of inventories | 56,781 | 34,306 |
| Product warranty costs | 39,885 | 39,721 |
| Loss on scrap and inventory valuation | 22,220 | 9,932 |
| Inventory gain or losses and others | 2,993 | 4,153 |
| | **$ 1,789,795** | **1,707,939** |

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

(d) 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, 2022 | Proportion of shareholding and voting rights December 31, 2021 |
|---|---|---|---|---|
| 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, 2022 | December 31, 2021 |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | **$ 11,650** | **29,323** |

(Continued)

| | | 2022 | 2021 |
|---|---|---|---|
| Attributable to the Group: | | | |
| Loss from continuing operations | $ | (18,653) | (5,379) |
| Other comprehensive income (loss) | | 980 | (2,314) |
| Comprehensive income (loss) | $ | **(17,673)** | **(7,693)** |

As of December 31, 2022 and 2021, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(e) 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 equipment for acceptance | Total |
|---|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | | |
| Balance on January 1, 2022 | $ 596,362 | 310,588 | 933,047 | 523,808 | 47,127 | 2,410,932 |
| Additions | - | 18,395 | 64,948 | 27,488 | 17,426 | 128,257 |
| Disposal | - | - | (89,154) | (8,117) | - | (97,271) |
| Transfer | - | 45,448 | 4,304 | - | (50,632) | (880) |
| Effect of movements in exchange rate | - | 15,809 | 23,903 | 19,789 | 6,434 | 65,935 |
| Balance on December 31, 2022 | **$ 596,362** | **390,240** | **937,048** | **562,968** | **20,355** | **2,506,973** |
| Balance on January 1, 2021 | $ 596,362 | 317,536 | 901,174 | 526,287 | 24,491 | 2,365,850 |
| Additions | - | - | 53,062 | 12,677 | 38,142 | 103,881 |
| Disposal | - | - | (16,253) | (8,745) | - | (24,998) |
| Transfer | - | - | 4,881 | 2,283 | (13,437) | (6,273) |
| Effect of movements in exchange rates | - | (6,948) | (9,817) | (8,694) | (2,069) | (27,528) |
| Balance on December 31, 2021 | **$ 596,362** | **310,588** | **933,047** | **523,808** | **47,127** | **2,410,932** |
| Depreciation and impairments loss: | | | | | | |
| Balance on January 1, 2022 | $ - | 78,217 | 770,387 | 444,597 | - | 1,293,201 |
| Depreciation | - | 6,426 | 51,926 | 27,526 | - | 85,878 |
| Disposal | - | - | (88,768) | (8,078) | - | (96,846) |
| Impairment loss | - | - | 6,003 | - | - | 6,003 |
| Effect of movements in exchange rates | - | 7,181 | 21,010 | 18,300 | - | 46,491 |
| Balance on December 31, 2022 | **$ -** | **91,824** | **760,558** | **482,345** | **-** | **1,334,727** |
| Balance on January 1, 2021 | $ - | 74,866 | 744,634 | 432,839 | - | 1,252,339 |
| Depreciation | - | 6,467 | 47,158 | 28,348 | - | 81,973 |
| Disposal | - | - | (15,960) | (8,648) | - | (24,608) |
| Impairment loss | - | - | 3,360 | - | - | 3,360 |
| Effect of movements in exchange rates | - | (3,116) | (8,805) | (7,942) | - | (19,863) |
| Balance on December 31, 2021 | **$ -** | **78,217** | **770,387** | **444,597** | **-** | **1,293,201** |
| Carrying amounts: | | | | | | |
| Balance on December 31, 2022 | **$ 596,362** | **298,416** | **176,490** | **80,623** | **20,355** | **1,172,246** |
| Balance on December 31, 2021 | **$ 596,362** | **232,371** | **162,660** | **79,211** | **47,127** | **1,117,731** |
| Balance on January 1, 2021 | **$ 596,362** | **242,670** | **156,540** | **93,448** | **24,491** | **1,113,511** |

(Continued)

In 2022 and 2021, the Group concluded that some of the machinery and equipment are in an idle. Therefore, the Group recognized impairment loss amounting to $6,003 thousand and $3360 thousand, which report as non-operating expense, respectively.

As of December 31, 2022 and 2021, for the Group pledged property, plant and equipment as collateral for long-term borrowings, please refer to Note 8.

(f) 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 construction | Office and other facilities | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance at January 1, 2022 | $ 57,055 | 27,532 | 1,936 | 86,523 |
| Additions | 5,892 | 62,451 | - | 68,343 |
| Disposal | - | (27,587) | - | (27,587) |
| Exchange on movements exchange rates | 6,797 | 506 | 169 | 7,472 |
| Balance at December 31, 2022 | **$ 69,744** | **62,902** | **2,105** | **134,751** |
| Balance at January 1, 2021 | $ 60,122 | 27,683 | 2,411 | 90,216 |
| Additions | - | 481 | 1,059 | 1,540 |
| Disposal | - | - | (1,460) | (1,460) |
| Exchange on movements exchange rates | (3,067) | (632) | (74) | (3,773) |
| Balance at December 31, 2021 | **$ 57,055** | **27,532** | **1,936** | **86,523** |
| **Accumulated depreciation and impairment losses:** | | | | |
| Balance at January 1, 2022 | $ 5,040 | 23,248 | 737 | 29,025 |
| Depreciation for the year | 1,791 | 9,482 | 415 | 11,688 |
| Disposal | - | (27,587) | - | (27,587) |
| Exchange on movements exchange rates | 701 | 452 | 68 | 1,221 |
| Balance at December 31, 2022 | **$ 7,532** | **5,595** | **1,220** | **14,347** |
| Balance at January 1, 2021 | $ 3,541 | 15,806 | 1,471 | 20,818 |
| Depreciation | 1,713 | 8,013 | 573 | 10,299 |
| Disposal | - | - | (1,292) | (1,292) |
| Exchange on movements exchange rates | (214) | (571) | (15) | (800) |
| Balance at December 31, 2021 | **$ 5,040** | **23,248** | **737** | **29,025** |
| **Carrying amount:** | | | | |
| Balance at December 31, 2022 | **$ 62,212** | **57,307** | **885** | **120,404** |
| Balance at December 31, 2021 | **$ 52,015** | **4,284** | **1,199** | **57,498** |
| Balance at January 1, 2021 | **$ 56,581** | **11,877** | **940** | **69,398** |

(Continued)

(g) Short-term borrowings

The details were summarized as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Unsecured bank loans | $ 310,000 | 215,360 |
| Range of interest rates | 1.50%~1.93% | 0.93%~0.94% |

(h) Long-term borrowings

The details were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Unsecured bank loans | $ 100,000 | 100,000 |
| Secured bank loans | 254,000 | 318,000 |
| Less: current portion | (64,000) | (164,000) |
| Total | $ 290,000 | 254,000 |
| Range of interest rates | 1.53%~1.72% | 0.90%~1.10% |

For the collateral for long-term borrowings, please refer to note 8.

(i) Lease liabilities

The details were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current | $ 12,901 | 1,110 |
| Non-current | $ 99,965 | 55,597 |

The amounts recognized in profit or loss were as follows:

| | 2022 | 2021 |
|---|---|---|
| Interest expenses on lease liabilities | $ 3,151 | 3,518 |
| Expenses relating to short-term leases | $ 9,224 | 11,450 |

For the maturity analysis, please refer to note 6(q).

The amounts recognized in the statement of cash flows for the Group was as follows:

| | 2022 | 2021 |
|---|---|---|
| Total cash outflow for leases | $ 26,719 | 24,191 |

(Continued)

(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.

(ii) Other leases

The Group leases staff dormitories 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, warehouses, and machine equipment with lease terms within one year. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) 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, 2022 | December 31, 2021 |
|---|---|---|
| Present value of the defined benefit obligations | $ (22,221) | (26,028) |
| Fair value of plan assets | 54,495 | 51,813 |
| Net defined benefit assets | **$ 32,274** | **25,785** |

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 $54,495 thousand as of December 31, 2022. 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.

(Continued)

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:

| | 2022 | 2021 |
|---|---|---|
| Defined benefit obligations at January 1 | $ 26,028 | 26,351 |
| Current service costs and interest costs | 250 | 147 |
| Remeasurements loss (gain): | | |
| —Return on plan assets excluding interest income | (386) | 160 |
| —demographic assumptions | - | 994 |
| —financial assumptions | (1,453) | (1,209) |
| Benefits paid | (2,218) | (415) |
| Defined benefit obligations at December 31 | **$ 22,221** | **26,028** |

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:

| | 2022 | 2021 |
|---|---|---|
| Fair value of plan assets at January 1 | $ 51,813 | 50,772 |
| Interest income | 390 | 179 |
| Remeasurements loss (gain): | | |
| —Return on plan assets excluding interest income | 3,983 | 722 |
| Contributions paid by the employer | 527 | 555 |
| Benefits paid | (2,218) | (415) |
| Fair value of plan assets at December 31 | **$ 54,495** | **51,813** |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

| | 2022 | 2021 |
|---|---|---|
| Current service costs | $ 55 | 55 |
| Net interest of net assets for defined benefit obligations | (195) | (87) |
| | **$ (140)** | **(32)** |
| Operating expense | **$ (140)** | **(32)** |

(Continued)

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | **2022.12.31** | **2021.12.31** |
|---|---|---|
| Discount rate | 1.400 % | 0.750 % |
| Future salary increase rate | 2.875 % | 2.875 % |

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 $527 thousands.

The weighted average lifetime of the defined benefits plans is 8 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 assets** | |
|---|---|---|
| **Original actuarial assumptions** | **Increased 0.5%** | **Decreased 0.5%** |
| December 31, 2022 | | |
| Discount rate 1.400% | 561 | (588) |
| Future salary increasing rate 2.875% | (563) | 543 |
| December 31, 2021 | | |
| Discount rate 0.750% | 756 | (795) |
| Future salary increasing rate 2.875% | (756) | 726 |

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 2022 and 2021.

(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 $40,481 thousands and $36,156 thousands for the years ended December 31, 2022 and 2021, respectively.

(Continued)

(k) Income taxes

(i) The components of income tax in the years 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Current tax | $ 22,883 | 11,129 |
| Deferred tax | 37,407 | 14,609 |
| Income tax expense | **$ 60,290** | **25,738** |

(ii) The amount of income tax recognized directly in equity or other comprehensive income for 2022 and 2021 were both 0.

(iii) Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows :

| | 2022 | 2021 |
|---|---|---|
| Profit before income tax | $ 222,118 | 114,955 |
| Income tax using the domestic tax rate | 67,894 | 49,816 |
| Tax incentive | - | (4,131) |
| Change in provision in prior periods | (4,113) | (6,659) |
| Change in unrecognized temporary differences and others | (3,491) | (13,288) |
| | **$ 60,290** | **25,738** |

(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 Group expects that some of these retained earnings will not be returned back to the Company in the foreseeable future under the consideration of Group's integral development and investment plan. Hence, the temporary differences are not recognized under deferred tax liabilities. As of December 31, 2022 and 2021, the unrecognized deferred tax liabilities amount was $26,090 thousand, respectively.

2) Unrecognized deferred tax assets

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Tax effect of deductible temporary differences | $ 14,159 | 22,708 |
| The carry forward of unused tax losses | 5,833 | 10,970 |
| | **$ 19,992** | **33,678** |

The 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.

(Continued)

As of December 31, 2022, the information of the Group's tax losses are as follows:

| Company name | Year o loss | Unused tax loss | Expiry date |
|---|---|---|---|
| AMO | 2019 (Approved) | $ 33,661 | 2029 |
| AMO | 2021 (Approved) | 5,225 | 2031 |

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 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, 2022 | $ - | 38,832 | 16,675 | 55,507 |
| Recognized in profit or loss | 88 | 26,993 | 828 | 27,909 |
| Balance at December 31, 2022 | $ **88** | **65,825** | **17,503** | **83,416** |
| Balance at January 1, 2021 | $ - | 42,554 | 16,416 | 58,970 |
| Recognized in profit or loss | - | (3,722) | 259 | (3,463) |
| Balance at December 31, 2021 | $ **-** | **38,832** | **16,675** | **55,507** |

| | Unrealized exchange loss | Allowance to reduce inventory to market | Unused tax losses carry forwards | Others | Total |
|---|---|---|---|---|---|
| **Deferred Tax Assets:** | | | | | |
| Balance at January 1, 2022 | $ (335) | (4,443) | (12,067) | (6,192) | (23,037) |
| Recognized in profit or loss | 335 | (4,998) | 12,067 | 2,094 | 9,498 |
| Balance at December 31, 2022 | $ **-** | **(9,441)** | **-** | **(4,098)** | **(13,539)** |
| Balance at January 1, 2021 | (764) | (5,000) | (30,073) | (5,272) | (41,109) |
| Recognized in profit or loss | 429 | 557 | 18,006 | (920) | 18,072 |
| Balance at December 31, 2021 | $ **(335)** | **(4,443)** | **(12,067)** | **(6,192)** | **(23,037)** |

(v) Examination and Approval

The Company's tax returns for the years through 2020 were examined and approved by the Taipei National Tax Administration.

(Continued)

(l) Capital and other equity

For the years ended December 31, 2022 and 2021, the authorized capital of the Company consisted of both $1,000,000 thousand, 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, 2022 | December 31, 2021 |
|---|---|---|---|
| Issued share premium | $ | 592,499 | 604,049 |
| Adjustment of re-segmentation | | 42,439 | 42,439 |
| Employee share options | | 7,847 | 7,847 |
| | $ | **642,785** | **654,335** |

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 on May 27, 2022 and July 30, 2021, decided to distribute capital surplus resulting from share premium as cash dividend amonted to $11,550 thousand and $30,800 thousand with $ 0.15 and $0.40 per share,respectively.

(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 or reverse 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 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.

(Continued)

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 2021 and 2020 were decided via the general meeting of shareholders held on May 27, 2022 and July 30, 2021. The relevant dividend distributions to shareholders were as follows.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Amount per share** | **Total amount** | **Amount per share** | **Total amount** |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | $ 0.55 | 42,350 | 0.15 | 11,550 |

Earnings distributions for 2021 and 2020 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.

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2022 and 2021, were based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

| | 2022 | 2021 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the company | $ 161,828 | 89,217 |
| Weighted-average number of ordinary shares (thousand shares) | 77,000 | 77,000 |
| Basic earnings per share (dollar) | $ 2.10 | 1.16 |

(Continued)

(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2022 and 2021 were 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.

| | | 2022 | 2021 |
|---|---|---|---|
| Diluted earnings per share: | | | |
| Profit attributable to ordinary shareholders of the Company | $ | **161,828** | **89,217** |
| Weighted-average number of ordinary shares (diluted) (thousand shares) | | **77,589** | **77,365** |
| Basic earnings per share | $ | **2.09** | **1.15** |

Weighted-average number of ordinary shares (diluted) (thousand shares):

| | 2022 | 2021 |
|---|---|---|
| Weighted-average number of ordinary shares (basic) (thousand shares) | 77,000 | 77,000 |
| Effect of dilutive potential ordinary shares: | | |
| Effect of employee share bonus | 589 | 365 |
| Weighted average number of ordinary shares (diluted) (thousand and shares) | **77,589** | **77,365** |

(n) Revenue from contracts with customers

(i) Details of revenue

| | | 2022 | 2021 |
|---|---|---|---|
| Primary geographical markets | | | |
| Singapore | $ | 561,095 | 489,689 |
| Malaysia | | 489,746 | 353,678 |
| China | | 411,625 | 306,718 |
| Taiwan | | 323,986 | 379,276 |
| America | | 232,791 | 238,891 |
| Thailand | | 181,065 | 282,060 |
| Others | | 74,709 | 117,591 |
| | $ | **2,275,017** | **2,167,903** |

(Continued)

| | | 2022 | 2021 |
|---|---|---|---|
| Major products | | | |
| Other electronic stamping components | $ | 633,118 | 329,219 |
| Plastic injection | | 578,019 | 480,402 |
| Hard disk drive stamping components | | 554,048 | 802,357 |
| Automatic machines | | 337,069 | 414,111 |
| Others | | 172,763 | 141,814 |
| | $ | **2,275,017** | **2,167,903** |

(ii) Contract balances

| | | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|---|
| Notes and accounts receivable | $ | 537,100 | 527,861 | 546,950 |
| Less: allowance for impairment | | (9,734) | (20,862) | (4,354) |
| Total | $ | **527,366** | **506,999** | **542,596** |

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

(o) 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, 2022 and 2021, the Company estimated its employee remuneration amounting to $15,810 thousand and $9,991 thousand directors' and supervisors' remuneration amounting to $6,776 thousand and $1,110 thousand, respectively. 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. Related information would be available at the Market Observation Post System website.

(Continued)

(p) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Rent income | $ | 4,419 | 3,781 |
| Other income | | 19,727 | 23,333 |
| | $ | **24,146** | **27,114** |

(ii) Other gains and losses

The details of other gains and losses were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Foreign exchange gains (losses) | $ | 65,146 | (23,339) |
| Loss on non-financial assets impairment | | (6,003) | (3,360) |
| Losses on disposals of property, plant and equipment | | (23) | (337) |
| Others | | (1,342) | (875) |
| | $ | **57,778** | **(27,911)** |

(q) 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 2022 and 2021, the maximum amount was $1,218,821 thousand and $1,309,404 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.

(Continued)

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, 2022 and 2021, 50% and 58%, 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 (b).

(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, 2022** | | | | | | |
| Non derivative financial liabilities | | | | | | |
| Bank loans | $ 664,000 | 675,959 | 380,467 | 167,083 | 128,409 | - |
| Accounts payable (including related parties) | 168,375 | 168,375 | 168,375 | - | - | - |
| Lease liabilities | 112,866 | 181,286 | 18,774 | 18,552 | 40,844 | 103,116 |
| Other financial liabilities | 291,255 | 291,255 | 291,255 | - | - | - |
| | **$ 1,236,496** | **1,316,875** | **858,871** | **185,635** | **169,253** | **103,116** |
| **December 31, 2021** | | | | | | |
| Non derivative financial liabilities | | | | | | |
| Bank loans | $ 633,360 | 643,026 | 383,124 | 66,530 | 193,372 | - |
| Accounts payable (including related parties) | 304,336 | 304,336 | 304,336 | - | - | - |
| Lease liabilities | 56,707 | 114,372 | 4,076 | 4,145 | 11,690 | 94,461 |
| Other financial liabilities | 264,001 | 264,001 | 264,001 | - | - | - |
| | **$ 1,258,404** | **1,325,735** | **955,537** | **70,675** | **205,062** | **94,461** |

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.

(Continued)

1) Exposure to foreign currency risk

The Group’s significant exposure to foreign currency risk was as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 20,257 | 30.71 | 622,086 | 21,242 | 27.68 | 587,978 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 740 | 30.71 | 22,712 | 3,416 | 27.68 | 94,561 |

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, bank loans 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, 2022 and 2021 would have decreased or increased the net profit (loss) before tax by $5,994 thousand and $4,934 thousand, respectively. This analysis is performed on the same basis for 2021.

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 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $65,146 thousand and $(23,339) 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.

(Continued)

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 $117 thousands and $268 thousands for the year ended 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the Group's financial liabilities in variable-rate loans and deposits.

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, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 683,529 | | | | |
| Notes and accounts receivable | 458,296 | | | | |
| Accounts receivable – related party | 69,070 | | | | |
| Other financial assets | 7,926 | | | | |
| Subtotal | **$ 1,218,821** | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Long term and short term borrowings | $ 664,000 | | | | |
| Accounts payable (including related parties) | 168,375 | | | | |
| Lease liabilities | 112,866 | | | | |
| Other financial liabilities | 291,255 | | | | |
| Subtotal | **$ 1,236,496** | | | | |

(Continued)

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 790,507 | | | | |
| Notes and accounts receivable | 347,222 | | | | |
| Accounts receivable – related party | 159,777 | | | | |
| Other financial assets | 11,898 | | | | |
| Subtotal | **$ 1,309,404** | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Long term and short term borrowings | $ 633,360 | | | | |
| Accounts payable (including related parties) | 304,336 | | | | |
| Lease liabilities | 56,707 | | | | |
| Other financial liabilities | 264,001 | | | | |
| Subtotal | **$ 1,258,404** | | | | |

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.

(Continued)

- 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 2022 and 2021.

(r) 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) 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(q).

(s) 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 42% and 44% at December 31, 2022 and 2021.

(Continued)

(t) 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, 2022 and 2021, were as follows:

(i) Obtain right-of assets by lease, please refer to notes 6(f).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2022 | Cash flows | Foreign exchange movement | December 31, 2022 |
|---|---|---|---|---|
| Long-term borrowings | $ 418,000 | (64,000) | - | 354,000 |
| Short-term borrowings | 215,360 | 94,640 | - | 310,000 |
| Lease liabilities | 56,707 | (14,344) | 70,503 | 112,866 |
| Total liabilities from financing activities | **$ 690,067** | **16,296** | **70,503** | **776,866** |

| | January 1, 2021 | Cash flows | Foreign exchange movement | December 31, 2021 |
|---|---|---|---|---|
| Long-term borrowings | $ 482,000 | (64,000) | - | 418,000 |
| Short-term borrowings | 211,819 | 3,624 | (83) | 215,360 |
| Lease liabilities | 67,686 | (9,223) | (1,756) | 56,707 |
| Total liabilities from financing activities | **$ 761,505** | **(69,599)** | **(1,839)** | **690,067** |

## (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 |

(Continued)

(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 | |
|---|---|---|---|---|
| | 2022 | 2021 | December 31, 2022 | December 31, 2021 |
| The entity with significant influence over the Group: | | | | |
| MAT | $ 169,406 | 193,415 | 60,303 | 80,484 |
| Other related parties: | | | | |
| MAM | 152,098 | 267,875 | 8,731 | 79,293 |
| Others | 58 | 1,646 | 36 | - |
| | $ 321,562 | 462,936 | 69,070 | 159,777 |

The payment terms of the Group's sales to related parties is O/A 75~120 day and which term may be changed depend on the Group's operation. The payment terms to non-related parties was normally about two to four months. The selling price to related parties is referred to the market price and negotiated by both parties.

(ii) Purchases

| | Purchases | | Related parties payables | |
|---|---|---|---|---|
| | 2022 | 2021 | December 31, 2022 | December 31, 2021 |
| The entity with significant influence over the Group | $ - | 460 | - | - |
| Other related parties: | | | | |
| MAY | 45,886 | 8,808 | 4,943 | 7,483 |
| MAA | - | 35,036 | - | - |
| Others | - | - | - | 1,473 |
| | $ 45,886 | 44,304 | 4,943 | 8,956 |

1) The payment term of purchases from related parties was O/A 30 days, and which term may be changed depend on the Group' s operation. The purchase price from related parties is referred to the market price and negotiated by both parties

2) As of December 31, 2022 and 2021, the prepayment for material to other related parties were USD$141 thousand and USD$49 thousand, respectively.

(Continued)

(iii) Accepting service and other accounts payable to related parties

| | Transaction amount | | Other accounts payable – related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| The entity with significant influence over the Group | $ 5,991 | 5,753 | 1,651 | 2,892 |
| Other related parties | 1,743 | 4,599 | - | 657 |
| | **$ 7,734** | **10,352** | **1,651** | **3,549** |

(iv) Rendering of services and other accounts receivable from related parties

| | Transaction amount | | Other accounts receivable – related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| The entity with significant influence over the Group | $ 35 | - | 37 | - |
| Other related parties | 1,262 | 1,232 | 897 | 441 |
| | **$ 1,297** | **1,232** | **934** | **441** |

(v) Purchases of property, plant and equipment and other accounts payable to related parties

| | Transaction amount | | Other accounts receivable – related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| Other related parties | **$ 205** | **-** | **-** | **-** |

(c) Key management personnel compensation

| | **2022** | **2021** |
|---|---|---|
| Short-term employee benefits | $ 23,018 | 14,297 |
| Post-employment benefits | 203 | 204 |
| | **$ 23,221** | **14,501** |

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| **Pledged assets** | **Object** | **December 31, 2022** | **December 31, 2021** |
|---|---|---|---|
| Land and buildings | Long-term borrowings | $ 668,068 | 670,243 |
| Restricted cash in banks | Guarantee for post release duty payment | 1,000 | 1,000 |
| | | **$ 669,068** | **671,243** |

(Continued)

**(9) Singificant contingent liabilities and unrecognized Commitments:**

(a) The Group's unrecognized contractual commitments are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Purchase commitment | $ 92,936 | 124,361 |
| Acquisition of property, plant and equipment | $ 21,467 | 39,818 |

(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, 2022 | December 31, 2021 |
|---|---|---|
| Issued guarantee notes | $ 937,840 | 1,042,880 |
| Endorsements and guarantees | $ 74,937 | 27,680 |

**(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 | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 466,090 | 163,858 | 629,948 | 434,745 | 152,222 | 586,967 |
| Labor and health insurance | 36,592 | 12,461 | 49,053 | 35,191 | 12,410 | 47,601 |
| Pension | 26,450 | 13,891 | 40,341 | 23,011 | 13,113 | 36,124 |
| Others | 37,881 | 8,898 | 46,779 | 31,348 | 7,070 | 38,418 |
| Depreciation | 77,022 | 20,544 | 97,566 | 70,595 | 21,677 | 92,272 |
| Amortization | 6,708 | - | 6,708 | 16,359 | - | 16,359 |

(Continued)

**(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, 2022:

(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) | 1,898,232 | 32,215 | 30,710 | - | - | 1.62 % | 1,898,232 | Yes | No | No |
| 0 | The Company | Amould (Suzhou) | (2) | 1,898,232 | 45,113 | 44,227 | - | - | 2.33 % | 1,898,232 | 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, 2022 (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



(Continued)

(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) | 152,098 | (13%) | Note 1 | - | - | 8,731 | 3% | |
| The company | Min Aik Technology Co., Ltd. (MAT) | 〃 | (Sale) | 169,406 | (14%) | Note 2 | - | - | 60,303 | 20% | |

Note 1: Payment term is 75 days; any further adjustment on the term will have to be agreed by both parties.

Note 2: Payment term is 90~120 days; any further adjustment on the term will have to be agreed by both parties.

(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 2022 (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, 2022 | | | Net income (loss) of investee | Share of profits /losses of investee | Highest Percentage of ownership | Highest Percentage of ownership | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares (thousands) | Percentage of ownership | Carrying value | | | | | |
| The company | Esteem King | Samoa | Investment holding | 451,586 | 511,481 | 15,079 | 100.00 % | 1,038,922 | 134,991 | 134,991 | 17,079 | 100.00 % | Note 1 |
| The company | Evolution | Hong Kong | Investment holding | 145,103 | 145,103 | 4,600 | 100.00 % | 10,098 | (105) | (105) | 4,600 | 100.00 % | Note 1 |
| Esteem King | MATC | Malaysia | Manufacture and selling hard disk components | 127,726 | 127,726 | 4,427 | 20.00 % | 11,650 | (93,267) | (18,653) | 10,527 | 20.00 % | |
| Esteem King | MAPP | Singapore | Manufacture and sale medical injection molding | 323,449 | 323,449 | 10,714 | 100.00 % | 853,651 | 148,525 | 148,525 | 10,714 | 100.00 % | Note 1 |

Note 1: The aforementioned investments have been eliminated from the consolidated financial statements.



(Continued)

(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, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | 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 | 59,967 | 100% | 59,967 | 318,083 | - | - | 100% |

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| 269,999 | 269,999 | 1,138,939 |

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 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 | 29,357,000 | 38.12 % |
| BEACON INVESTMENT LIMITED (MALAYSIA) | 24,718,763 | 32.10 % |



(Continued)

## (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(n) 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:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | MAPP | Amould Suzhou | Other segment | Reconciliation and elimination | Total |
| Revenue | | | | | | |
| Revenue from external customers | $ 1,203,566 | 650,071 | 421,380 | - | - | 2,275,017 |
| Intersegment revenues | - | - | 8,781 | - | (8,781) | - |
| Total revenue | **$ 1,203,566** | **650,071** | **430,161** | **-** | **(8,781)** | **2,275,017** |
| Reportable segment profit or loss | **$ 17,439** | **102,363** | **47,152** | **(211)** | **13** | **166,756** |

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | MAPP | Amould Suzhou | Other segment | Reconciliation and elimination | Total |
| Revenue | | | | | | |
| Revenue from external customers | $ 1,144,613 | 582,032 | 441,258 | - | - | 2,167,903 |
| Intersegment revenues | 146 | - | 18,016 | - | (18,162) | - |
| Total revenue | **$ 1,144,759** | **582,032** | **459,274** | **-** | **(18,162)** | **2,167,903** |
| Reportable segment profit or loss | **$ 3,822** | **106,304** | **19,126** | **(212)** | **960** | **130,000** |

(Continued)

(b) Corporate information

(i) Product information: Please refer to note 6(n).

(ii) Geographic information: Please refer to note 6(n).

(iii) Major customers

For the years ended 2022 and 2021, the amounts of Sales to clients representing 10% of net operating revenue were as follows:

| | 2022 | |
|---|---|---|
| Customer | Amount | % |
| A Group | $ 356,405 | 16 |
| Min Aik Technology Co., Ltd. Group | 321,562 | 14 |
| J Company | 280,620 | 12 |
| S Group | 244,983 | 11 |
| A Company | 216,943 | 10 |
| | $ 1,420,513 | 63 |

| | 2021 | |
|---|---|---|
| Customer | Amount | % |
| Min Aik Technology Co., Ltd. Group | $ 462,936 | 21 |
| S Group | 349,158 | 16 |
| J Company | 253,359 | 12 |
| A Company | 217,629 | 10 |
| | $ 1,283,082 | 59 |

【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, 2022 and 2021**

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 as of December 31, 2022 and 2021, the parent company only statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, 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, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the year ended December 31, 2022 and 2021 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 Standards of Auditing of 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:

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 Standards on Auditing of 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 the Standards on Auditing of 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 Sheng-Ho Yu and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2023

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

# MIN AIK PRECISION INDUSTRIAL CO., LTD.

## Balance Sheets

## December 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | Assets | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 131,728 | 5 | 227,012 | 8 |
| 1170 | Accounts receivable, net (notes 6(b) and (n)) | 225,106 | 8 | 192,587 | 7 |
| 1181 | Accounts receivable from related parties (notes 6(b), (n) and 7) | 69,070 | 2 | 159,777 | 6 |
| 1310 | Inventories (note 6(c)) | 295,818 | 10 | 234,384 | 9 |
| 1479 | Other current assets (notes 7 and 8) | 102,333 | 3 | 31,032 | 1 |
| | | 824,055 | 28 | 844,792 | 31 |
| | **Non-current assets:** | | | | |
| 1551 | Investments accounted for using equity method (note 6(d)) | 1,049,020 | 36 | 902,845 | 33 |
| 1600 | Property, plant and equipment (notes 6(e), 7 and 8) | 979,759 | 34 | 949,148 | 34 |
| 1755 | Right-of-use assets (note 6(f)) | 82 | - | 194 | - |
| 1995 | Other non-current assets (notes (j) and (k)) | 53,179 | 2 | 55,495 | 2 |
| | | 2,082,040 | 72 | 1,907,682 | 69 |
| | **Total assets** | $ 2,906,095 | 100 | 2,752,474 | 100 |

| | Liabilities and Equity | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (note 6(g)) | $ 310,000 | 11 | 215,360 | 8 |
| 2170 | Accounts payable | 86,932 | 3 | 197,970 | 7 |
| 2201 | Salaries and wages payable | 94,755 | 3 | 77,021 | 3 |
| 2280 | Current lease liabilities (note 6(i)) | 59 | - | 114 | - |
| 2300 | Other current liabilities (note 7) | 96,180 | 4 | 91,795 | 3 |
| 2322 | Long-term borrowings, current portion (note 6(h)) | 64,000 | 2 | 164,000 | 6 |
| | | 651,926 | 23 | 746,260 | 27 |
| | **Non-Current liabilities:** | | | | |
| 2541 | Long-term borrowings (notes 6(h) and 8) | 290,000 | 10 | 254,000 | 9 |
| 2570 | Deferred tax liabilities (note 6(k)) | 65,913 | 2 | 38,832 | 2 |
| 2580 | Non-current lease liabilities (note 6(i)) | 24 | - | 83 | - |
| | | 355,937 | 12 | 292,915 | 11 |
| | **Total liabilities** | 1,007,863 | 35 | 1,039,175 | 38 |
| | **Equity attributable to owners of parent (note 6(l)):** | | | | |
| 3110 | Ordinary share | 770,000 | 27 | 770,000 | 28 |
| 3200 | Capital surplus | 642,785 | 22 | 654,335 | 24 |
| 3310 | Legal reserve | 244,413 | 8 | 235,414 | 8 |
| 3320 | Special reserve | 119,953 | 4 | 83,335 | 3 |
| 3350 | Unappropriated retained earnings | 170,762 | 6 | 91,079 | 3 |
| 3410 | Exchange differences on translation of foreign financial statements | (49,681) | (2) | (120,864) | (4) |
| | **Total equity** | 1,898,232 | 65 | 1,713,299 | 62 |
| | **Total liabilities and equity** | $ 2,906,095 | 100 | 2,752,474 | 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, 2022 and 2021

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

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4111 | **Operating revenue (notes 6(n) and 7)** | $ 1,215,935 | 101 | 1,156,327 | 101 |
| 4170 | Less: Sales returns and allowances | 12,369 | 1 | 11,568 | 1 |
| | **Net operating revenue** | 1,203,566 | 100 | 1,144,759 | 100 |
| 5111 | Operating costs (notes 6(c), (i), (j), (o), 7 and 12): | 1,017,888 | 85 | 984,364 | 86 |
| | **Gross profit from operations** | 185,678 | 15 | 160,395 | 14 |
| | **Operating expenses (notes 6(b), (i), (j), (o), 7 and 12):** | | | | |
| 6100 | Selling expenses | 38,673 | 3 | 35,398 | 3 |
| 6200 | Administrative expenses | 108,025 | 9 | 94,613 | 8 |
| 6300 | Research and development expenses | 21,204 | 2 | 26,048 | 2 |
| 6450 | Impairment loss determined in accordance with IFRS 9 | 337 | - | 514 | - |
| | **Total operating expenses** | 168,239 | 14 | 156,573 | 13 |
| | **Net operating losses income** | 17,439 | 1 | 3,822 | 1 |
| | **Non-operating income and expenses (notes 6(d), (e), (i), (p) and 7):** | | | | |
| 7100 | Interest income | 408 | - | 60 | - |
| 7010 | Other income | 13,504 | 1 | 10,382 | 1 |
| 7020 | Other gains and losses, net | 45,954 | 4 | (14,344) | (1) |
| 7050 | Finance costs | (8,915) | (1) | (6,377) | (1) |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net | 134,886 | 11 | 106,368 | 9 |
| | | 185,837 | 15 | 96,089 | 8 |
| 7900 | **Profit before tax income** | 203,276 | 16 | 99,911 | 9 |
| 7950 | Less: Income tax expenses (note 6(k)) | 41,448 | 3 | 10,694 | 1 |
| | **Net profit** | 161,828 | 13 | 89,217 | 8 |
| 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 | 5,822 | 1 | 777 | - |
| 8360 | **Item that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 71,183 | 6 | (35,532) | (3) |
| 8300 | **Other comprehensive income (loss), net of income tax** | 77,005 | 7 | (34,755) | (3) |
| | **Total comprehensive income (loss)** | **$ 238,833** | **20** | **54,462** | **5** |
| 9750 | **Basic earnings per share (NT dollars) (note 6(m))** | **$** | **2.10** | | **1.16** |
| 9850 | **Diluted earnings per share (NT dollars) (note 6(m))** | **$** | **2.09** | | **1.15** |

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, 2022 and 2021**

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

| | Share capital | | Retained earnings | | | Other equity interest | |
|---|---|---|---|---|---|---|---|
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | Total equity |
| **Balance on January 1, 2021** | $ 770,000 | 685,135 | 232,320 | 67,046 | 32,018 | (85,332) | 1,701,187 |
| Profit | - | - | - | - | 89,217 | - | 89,217 |
| Other comprehensive income (loss) | - | - | - | - | 777 | (35,532) | (34,755) |
| Total comprehensive income (loss) | - | - | - | - | 89,994 | (35,532) | 54,462 |
| Appropriation and distribution of retained earnings: | | | | | | | |
| Legal reserve appropriated | - | - | 3,094 | - | (3,094) | - | - |
| Special reserve appropriated | - | - | - | 16,289 | (16,289) | - | - |
| Cash dividends on ordinary share | - | - | - | - | (11,550) | - | (11,550) |
| Cash dividends from capital surplus | - | (30,800) | - | - | - | - | (30,800) |
| **Balance on December 31, 2021** | 770,000 | 654,335 | 235,414 | 83,335 | 91,079 | (120,864) | 1,713,299 |
| Profit | - | - | - | - | 161,828 | - | 161,828 |
| Other comprehensive income (loss) | - | - | - | - | 5,822 | 71,183 | 77,005 |
| Total comprehensive income (loss) | - | - | - | - | 167,650 | 71,183 | 238,833 |
| Appropriation and distribution of retained earnings: | | | | | | | |
| Legal reserve appropriated | - | - | 8,999 | - | (8,999) | - | - |
| Special reserve appropriated | - | - | - | 36,618 | (36,618) | - | - |
| Cash dividends on ordinary share | - | - | - | - | (42,350) | - | (42,350) |
| Cash dividends from capital surplus | - | (11,550) | - | - | - | - | (11,550) |
| **Balance on December 31, 2022** | **$ 770,000** | **642,785** | **244,413** | **119,953** | **170,762** | **(49,681)** | **1,898,232** |

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, 2022 and 2021

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

| | | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from (used in) operating activities:** | | | |
| **Profit before income tax** | $ | 203,276 | 99,911 |
| **Adjustments:** | | | |
| **Adjustments to reconcile profit (loss):** | | | |
| Depreciation and amortization expense | | 64,328 | 69,666 |
| Expected credit loss | | 337 | 514 |
| Interest expense | | 8,915 | 6,377 |
| Interest income | | (408) | (57) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | | (134,886) | (106,368) |
| Loss on disposal or retirement of property, plant and equipment | | 386 | 324 |
| Property, plant and equipment transferred to expenses | | 880 | - |
| Impairment loss on non-financial assets | | 6,003 | 3,360 |
| **Total adjustments to reconcile profit (loss)** | | (54,445) | (26,184) |
| **Changes in operating assets and liabilities:** | | | |
| **Changes in operating assets:** | | | |
| Accounts receivable | | 57,851 | (86,429) |
| Inventories | | (70,278) | (130,853) |
| Other current assets | | (71,419) | (15,132) |
| Other operating assets | | (667) | (588) |
| **Total changes in operating assets** | | (84,513) | (233,002) |
| **Changes in operating liabilities:** | | | |
| Accounts payable | | (111,038) | 66,154 |
| Other current liabilities | | 9,380 | 20,513 |
| **Total changes in operating liabilities** | | (101,658) | 86,667 |
| **Total changes in operating assets and liabilities** | | (186,171) | (146,335) |
| **Total adjustments** | | (240,616) | (172,519) |
| Cash inflow used in operations | | (37,340) | (72,608) |
| Interest received | | 408 | 57 |
| Interest paid | | (8,630) | (6,642) |
| Income taxes (paid) received | | (2,187) | 3,862 |
| **Net cash flows used in operating activities** | | (47,749) | (75,331) |
| **Cash flows from (used in) investing activities:** | | | |
| Decrease in financial assets at amortized cost | | - | 4,852 |
| Proceeds from capital reduction of investments accounted for using equity method | | 59,894 | - |
| Cash dividends from investment accounted for using equity method | | - | 124,980 |
| Acquisition of property, plant and equipment | | (85,496) | (74,242) |
| Decrease in refundable deposits | | 1,546 | 782 |
| Increase in other financial assets | | - | (1,000) |
| Increase in other non-current assets | | (105) | - |
| **Net cash flows (used in) from investing activities** | | (24,161) | 55,372 |
| **Cash flows from (used in) financing activities:** | | | |
| Increase in short-term borrowing | | 472,740 | 449,230 |
| Decrease in short-term borrowing | | (378,100) | (423,870) |
| Repayments of long-term borrowing | | (64,000) | (64,000) |
| Payment of lease liabilities | | (114) | (283) |
| Cash dividends paid | | (53,900) | (42,350) |
| **Net cash flows used in financing activities** | | (23,374) | (81,273) |
| **Net decrease in cash and cash equivalents** | | (95,284) | (101,232) |
| **Cash and cash equivalents at beginning of period** | | 227,012 | 328,244 |
| **Cash and cash equivalents at end of period** | $ | **131,728** | **227,012** |

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, 2022 and 2021**

**(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, 2023.

## (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. 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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(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, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

(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" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br><br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024 |

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

(Continued)

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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(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.

(Continued)

(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.

(Continued)

(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.

(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.

(Continued)

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), and contract assets.

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;

(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 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)

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)

(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: 2~20 years

4) Office and other equipment：2~20 years

5) Leasehold improvement：2~9 years

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

(j) 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 contracts conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

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.

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;

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

— 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;

— 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)

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.

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 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.

(Continued)

(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.

(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.

(Continued)

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.

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.

(Continued)

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 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.

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:

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.

(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.

(Continued)

(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.

(s) Government grants

The Company recognizes an unconditional government in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company 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.

For government grants related to depreciated assets, the Company recognized as the deduction of the assets if there is reasonable assurance that the grants will be received and the Company will comply with the conditions associated with the grant; and through the decrease in depreciation expenses, the grants are then recognized in profit or loss during the useful lives of the depreciated assets.

**(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 is a critical judgment made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

The Company owns 20% shares of the related party MATC Technology(M) Sdn. Bhd., and the rest of 80% shares are owned by another single shareholder. Therefore, it is determined that the Group has no significant influence on MATC Technology(M) Sdn. Bhd.

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.

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(q) for assumptions used in measuring fair value.

## (6) Explanation of significant accounts:

### (a) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash, petty cash, check and demand deposits | $ 131,728 | 227,012 |

Please refer to note 6(q) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

### (b) Accounts receivable (include related parties)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts receivable | $ 227,397 | 194,541 |
| Accounts receivable from related parties | 69,070 | 159,777 |
| Less: Loss allowance | (2,291) | (1,954) |
| | $ 294,176 | 352,364 |

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, 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 accounts receivables was determined as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| Accounts receivable -non-related parties | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 196,327 | 1% | 1,980 |
| Past due (days): | | | |
| 0 to 60 | 31,070 | 1% | 311 |
| | $ 227,397 | | 2,291 |

(Continued)

| Accounts receivable -related parties | December 31, 2022 Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
|---|---|---|---|
| Current | **$ 69,070** | 0% | **-** |

| Accounts receivable -non-related parties | December 31, 2021 Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
|---|---|---|---|
| Current | $ 191,858 | 1% | 1,927 |
| Past due (days): | | | |
| 0 to 60 | 2,683 | 1% | 27 |
| | **$ 194,541** | | **1,954** |

| Accounts receivable -related parties | December 31, 2021 Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
|---|---|---|---|
| Current | $ 159,765 | 0% | - |
| Past due (days): | | | |
| 0 to 60 | 12 | 0% | - |
| | **$ 159,777** | | **-** |

The movement in the allowance for accounts receivable was as follows:

| | 2022 | 2021 |
|---|---|---|
| Balance on January 1, 2022 and 2021 | $ 1,954 | 1,440 |
| Impairment losses recognized | 337 | 514 |
| Balance on December 31, 2022 and 2021 | **$ 2,291** | **1,954** |

As of December 31, 2022 and 2021, the Company did not provide any accounts receivable as collateral for its loans.

Please refer to note 6(q) for other credit risk.

(c) Inventories

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Raw materials and supplies | $ 46,647 | 40,357 |
| Work in progress | 43,200 | 47,375 |
| Finished goods | 205,971 | 146,652 |
| | **$ 295,818** | **234,384** |

(Continued)

The detail of the cost of sales were as follows:

| | 2022 | 2021 |
|---|---|---|
| Cost of goods sold | $ 929,243 | 943,550 |
| Abnormal amounts of production cost of inventories | 56,781 | 34,306 |
| Loss on scrap and inventory valuation | 28,947 | 2,424 |
| Inventory gain or losses and others | 2,917 | 4,084 |
| | **$ 1,017,888** | **984,364** |

As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(d) 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, 2022 | December 31, 2021 |
|---|---|---|
| Esteem King Limited (Esteem King) | $ 1,038,922 | 893,643 |
| Evolution Holdings Limited (Evolution) | 10,098 | 9,202 |
| | **$ 1,049,020** | **902,845** |

| | 2022 | 2021 |
|---|---|---|
| Attributable to the Company: | | |
| Profit from continuing operations | $ 134,886 | 106,368 |
| Other comprehensive income (loss) | 71,183 | (35,532) |
| Comprehensive income (loss) | **$ 206,069** | **70,836** |

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, 2022 and 2021, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(Continued)

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

| | Land | Buildings and construction | Machinery and equipment | Office and other equipment | Construction in progress and equipment for acceptance | Total |
|---|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | | |
| Balance on January 1, 2022 | $ 596,362 | 181,339 | 712,140 | 298,951 | 4,464 | 1,793,256 |
| Additions | - | 300 | 56,607 | 21,108 | 17,373 | 95,388 |
| Disposal | - | - | (85,404) | (3,479) | - | (88,883) |
| Transfer | - | - | 2,604 | - | (3,484) | (880) |
| Balance on December 31, 2022 | **$ 596,362** | **181,639** | **685,947** | **316,580** | **18,353** | **1,798,881** |
| Balance on January 1, 2021 | $ 596,362 | 181,339 | 670,668 | 292,773 | 14,317 | 1,755,459 |
| Additions | - | - | 46,291 | 12,218 | 3,584 | 62,093 |
| Disposal | - | - | (15,844) | (8,420) | - | (24,264) |
| Transfer | - | - | 11,025 | 2,380 | (13,437) | (32) |
| Balance on December 31, 2021 | **$ 596,362** | **181,339** | **712,140** | **298,951** | **4,464** | **1,793,256** |
| Depreciation and impairments loss: | | | | | | |
| Balance on January 1, 2022 | $ - | 18,756 | 583,318 | 242,034 | - | 844,108 |
| Depreciation | - | 3,753 | 37,639 | 16,116 | - | 57,508 |
| Disposal | - | - | (85,018) | (3,479) | - | (88,497) |
| Impairment loss | - | - | 6,003 | - | - | 6,003 |
| Balance on December 31, 2022 | **$ -** | **22,509** | **541,942** | **254,671** | **-** | **819,122** |
| Balance on January 1, 2021 | $ - | 14,698 | 563,614 | 233,352 | - | 811,664 |
| Depreciation | - | 4,058 | 31,895 | 17,071 | - | 53,024 |
| Disposal | - | - | (15,551) | (8,389) | - | (23,940) |
| Impairment loss | - | - | 3,360 | - | - | 3,360 |
| Balance on December 31, 2021 | **$ -** | **18,756** | **583,318** | **242,034** | **-** | **844,108** |
| Carrying amounts: | | | | | | |
| Balance on December 31, 2022 | **$ 596,362** | **159,130** | **144,005** | **61,909** | **18,353** | **979,759** |
| Balance on December 31, 2021 | **$ 596,362** | **162,583** | **128,822** | **56,917** | **4,464** | **949,148** |
| Balance on January 1, 2021 | **$ 596,362** | **166,641** | **107,054** | **59,421** | **14,317** | **943,795** |

In 2022 and 2021, the Company concluded that some of the machinery and equipment are in an idle. Therefore, the Company recognized impairment loss amounting to $6,003 thousand and $3,360 thousand, which report as non-operating expense, respectively.

As of December 31, 2022 and 2021, for the Company pledged property, plant and equipment as collateral for long-term borrowings, please refer to note 8.

(Continued)

(f) Right-of-use assets

The Company leases office and other equipment. Information about leases for which the Company as a lessee is presented below:

| | | Office and other equipment |
|---|---|---|
| **Cost:** | | |
| Balance of January 1, 2022 | $ | 505 |
| Additions | | - |
| Balance on December 31, 2022 | **$** | **505** |
| Balance of January 1, 2021 | $ | 1,349 |
| Disposal | | (844) |
| Balance on December 31, 2021 | **$** | **505** |
| **Depreciation and impairment losses:** | | |
| Balance of January 1, 2022 | $ | 311 |
| Depreciation | | 112 |
| Balance on December 31, 2022 | **$** | **423** |
| Balance of January 1, 2021 | $ | 874 |
| Depreciation | | 281 |
| Disposal | | (844) |
| Balance on December 31, 2021 | **$** | **311** |
| **Carrying amount:** | | |
| Balance on December 31, 2022 | **$** | **82** |
| Balance on December 31, 2021 | **$** | **194** |
| Balance on January 1, 2021 | **$** | **475** |

(g) Short-term borrowings

The details were as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Unsecured bank loans | **$** | **310,000** | **215,360** |
| Range of interest rates | | **1.50%~1.93%** | **0.93%~0.94%** |

(Continued)

(h) Long-term borrowings

The details were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Unsecured bank loans | $ 100,000 | 100,000 |
| Secured bank loans | 254,000 | 318,000 |
| Less: current portion | (64,000) | (164,000) |
| Total | $ **290,000** | **254,000** |
| Range of interest rates | **1.53%~1.72%** | **0.90%~1.10%** |

For the collateral for long-term borrowings, please refer to note 8.

(i) Lease Liabilities

The details were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current | $ **59** | **114** |
| Non-current | $ **24** | **83** |

The amounts recognized in profit or loss were as follows:

| | 2022 | 2021 |
|---|---|---|
| Interest on lease liabilities | $ **2** | **4** |
| Expenses relating to short-term leases | $ **1,177** | **1,261** |

For the maturity analysis, please refer to note 6(q).

The amounts recognized in the statement of cash flows was as follows:

| | 2022 | 2021 |
|---|---|---|
| Total cash outflow for leases | $ **1,293** | **1,548** |

The Company leases offices equipment, with lease terms of 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 machine equipment, 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.

(Continued)

(j) 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, 2022 | December 31, 2021 |
|---|---|---|---|
| Present value of the defined benefit obligations | $ | (22,221) | (26,028) |
| Fair value of plan assets | | 54,495 | 51,813 |
| Net defined benefit assets | **$** | **32,274** | **25,785** |

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 $54,495 thousand as of December 31, 2022. 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.

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:

| | | 2022 | 2021 |
|---|---|---|---|
| Defined benefit obligations at January 1 | $ | 26,028 | 26,351 |
| Current service costs and interest cost | | 250 | 147 |
| Remeasurements loss (gain): | | | |
| －Return on plan assets excluding interest income | | (386) | 160 |
| －demographic assumptions | | - | 994 |
| －financial assumptions | | (1,453) | (1,209) |
| Benefits paid | | (2,218) | (415) |
| Defined benefit obligations at December 31 | **$** | **22,221** | **26,028** |

(Continued)

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:

| | | 2022 | 2021 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 51,813 | 50,772 |
| Interest income | | 390 | 179 |
| Remeasurements loss (gain): | | | |
| －Return on plan assets excluding interest income | | 3,983 | 722 |
| Contributions paid by the employer | | 527 | 555 |
| Benefits paid | | (2,218) | (415) |
| Fair value of plan assets at December 31 | **$** | **54,495** | **51,813** |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Current service costs | $ | 55 | 55 |
| Net interest of net liabilities (assets) for defined benefit obligations and plan assets | | (195) | (87) |
| | **$** | **(140)** | **(32)** |
| Operating expense | **$** | **(140)** | **(32)** |

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Discount rate | 1.400 % | 0.750 % |
| Future salary increase rate | 2.875 % | 2.875 % |

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 $527 thousand.

The weighted average lifetime of the defined benefits plans is 8 years.

(Continued)

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, 2022 | | |
| Discount rate 1.400% | 561 | (588) |
| Future salary increasing rate 2.875% | (563) | 543 |
| December 31, 2021 | | |
| Discount rate 0.750% | 756 | (795) |
| Future salary increasing rate 2.875% | (756) | 726 |

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 2022 and 2021.

(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 $12,906 thousands and $12,601 thousands for the years ended December 31, 2022 and 2021, respectively.

(k) Income taxes

(i) The components of income tax in the years 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Current tax | $ 4,869 | (3,656) |
| Deferred tax | 36,579 | 14,350 |
| Income tax expense | **$ 41,448** | **10,694** |

(ii) The amount of income tax recognized directly in equity or other comprehensive income for 2022 and 2021 was 0.

(Continued)

(iii) Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before income tax | $ 203,276 | 99,911 |
| Income tax using the Company's domestic tax rate | 40,655 | 19,982 |
| Change in provision in prior periods | 793 | 817 |
| None-deductible expenses | - | 115 |
| Tax incentives | - | (3,769) |
| Change in unrecognized temporary differences and others | - | (6,451) |
| | **$ 41,448** | **10,694** |

(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, 2022 and 2021, the unrecognized deferred tax liabilities amount was $26,090 thousand, respectively.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

| | Unrealized exchange gain | Gain on foreign investments under the equity method | Total |
|---|---|---|---|
| **Deferred Tax Liabilities:** | | | |
| Balance at January 1, 2022 | $ - | 38,832 | 38,832 |
| Recognized in profit or loss | 88 | 26,993 | 27,081 |
| Balance at December 31, 2022 | **$ 88** | **65,825** | **65,913** |
| Balance at January 1, 2021 | $ - | 42,554 | 42,554 |
| Recognized in profit or loss | - | (3,722) | (3,722) |
| Balance at December 31, 2021 | **$ -** | **38,832** | **38,832** |

(Continued)

| | | Unrealized exchange loss | Allowance to reduce inventory to market | Unused tax losses carry forwards | Others | Total |
|---|---|---|---|---|---|---|
| **Deferred Tax Assets:** | | | | | | |
| Balance at January 1, 2022 | $ | (335) | (4,443) | (12,067) | (6,192) | (23,037) |
| Recognized in profit or loss | | 335 | (4,998) | 12,067 | 2,094 | 9,498 |
| Balance at December 31, 2022 | **$** | **-** | **(9,441)** | **-** | **(4,098)** | **(13,539)** |
| Balance at January 1, 2021 | $ | (764) | (5,000) | (30,073) | (5,272) | (41,109) |
| Recognized in profit or loss | | 429 | 557 | 18,006 | (920) | 18,072 |
| Balance at December 31, 2021 | **$** | **(335)** | **(4,443)** | **(12,067)** | **(6,192)** | **(23,037)** |

(v) Examination and Approval

The Company's tax returns for the years through 2020 were examined and approved by the Taipei National Tax Administration.

(l) Capital and other equity

As of December 31, 2022 and 2021, 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, 2022 and 2021, were as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Share premium | $ | 592,499 | 604,049 |
| Reorganization | | 42,439 | 42,439 |
| Employee share options | | 7,847 | 7,847 |
| | **$** | **642,785** | **654,335** |

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 on May 27, 2022 and July 30, 2021, decided to distribute capital surplus resulting from share premium as cash dividends amounted to $11,550 thousand and $30,800 thousand with $0.15 and $0.40 per share, respectively.

(Continued)

(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 or reverse 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.

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 2021 and 2020 were decided via the general meeting of shareholders held on May 27, 2022 and July 30, 2021. The relevant dividend distributions to shareholders were as follows.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Amount per share** | **Total amount** | **Amount per share** | **Total amount** |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | $ 0.55 | **42,350** | 0.15 | **11,550** |

Earnings distributions for 2021 and 2020 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.

(Continued)

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

| | 2022 | 2021 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | $ 161,828 | 89,217 |
| Weighted-average number of ordinary shares (thousand shares) | 77,000 | 77,000 |
| Basic earnings per share (dollar) | $ 2.10 | 1.16 |

(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2022 and 2021 were 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:

| | 2022 | 2021 |
|---|---|---|
| Diluted earnings per share: | | |
| Profit attributable to ordinary shareholders of the Company | $ 161,828 | 89,217 |
| Weighted-average number of ordinary shares (diluted) (thousand shares) | 77,589 | 77,365 |
| Diluted earnings per share (dollar) | $ 2.09 | 1.15 |

Weighted-average number of ordinary shares (diluted) (thousand shares):

| | 2022 | 2021 |
|---|---|---|
| Weighted-average number of ordinary shares (basic) (thousand shares) | 77,000 | 77,000 |
| Effect of dilutive potential ordinary shares: | | |
| Effect of employee share bonus | 589 | 365 |
| Weighted average number of ordinary shares (diluted) (thousand shares) | 77,589 | 77,365 |

(Continued)

(n) Revenue from contracts with customers

(i) Details of revenue

| | | 2022 | 2021 |
|---|---|---|---|
| Primary geographical markets | | | |
| Malaysia | $ | 462,672 | 331,655 |
| Taiwan | | 321,620 | 375,380 |
| China | | 197,946 | 96,737 |
| Thailand | | 181,065 | 282,060 |
| Others | | 40,263 | 58,927 |
| | **$** | **1,203,566** | **1,144,759** |

(ii) Contract balances

| | | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|---|
| Accounts receivable | $ | 296,467 | 354,318 | 267,889 |
| Less: allowance for impairment | | (2,291) | (1,954) | (1,440) |
| Total | **$** | **294,176** | **352,364** | **266,449** |

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

(o) 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, 2022 and 2021, the Company estimated its employee remuneration amounting to $15,810 thousand and $9,991 thousand, directors' and supervisors' remuneration amounting to $6,776 thousand and $1,110 thousand, respectively. 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 2022. Related information would be available at the Market Observation Post System website.

(Continued)

(p) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

| | 2022 | 2021 |
|---|---|---|
| Rent income | $ 3,375 | 3,262 |
| Other income | 10,129 | 7,120 |
| | **$ 13,504** | **10,382** |

(ii) Other gains and losses

The details of other gains and losses were as follows:

| | 2022 | 2021 |
|---|---|---|
| Foreign exchange gains (losses), net | $ 53,223 | (10,660) |
| Loss on non-financial assets impairment | (6,003) | (3,360) |
| Losses on disposals of property, plant and equipment, net | (386) | (324) |
| Others | (880) | - |
| | **$ 45,954** | **(14,344)** |

(q) 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, 2022 and 2021, the maximum amounts that exposed to credit risk were $433,254 thousand and $590,165 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, 2022 and 2021, 97% and 91%, respectively, of the Company's accounts receivable were concentrated on top five sales clients.

3) Please refer to note 6(b) for the details of the accounts receivable aging and loss allowance.

(Continued)

(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.

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, 2022** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Bank loans | $ 664,000 | 675,959 | 380,467 | 167,083 | 128,409 | - |
| Accounts payable | 86,932 | 86,932 | 86,932 | - | - | - |
| Lease liabilities | 83 | 84 | 60 | 24 | - | - |
| Other financial liabilities | 179,085 | 179,085 | 179,085 | - | - | - |
| | **$ 930,100** | **942,060** | **646,544** | **167,107** | **128,409** | **-** |
| **December 31, 2021** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Bank loans | $ 633,360 | 643,026 | 383,124 | 66,530 | 193,372 | - |
| Accounts payable (including related parties) | 197,970 | 197,970 | 197,970 | - | - | - |
| Lease liabilities | 197 | 199 | 115 | 60 | 24 | - |
| Other financial liabilities | 167,519 | 167,519 | 167,519 | - | - | - |
| | **$ 999,046** | **1,008,714** | **748,728** | **66,590** | **193,396** | **-** |

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, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 9,918 | 30.71 | 304,571 | 13,164 | 27.68 | 364,370 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 154 | 30.71 | 4,716 | 2,313 | 27.68 | 64,030 |

(Continued)

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, bank loans 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, 2022 and 2021 would have decreased or increased the net profit before tax by $2,999 thousand and $3,003 thousand, respectively. This analysis is performed on the same basis for 2021.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $53,223 thousand and $(10,660) thousand, respectively.

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 $554 thousand and $475 thousand for the year ended 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the changes in the Company's variable-interest-rate loans and deposits.

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)

(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, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 131,728 | | | | |
| Accounts receivable | 225,106 | | | | |
| Accounts receivable – related party | 69,070 | | | | |
| Other financial assets | 7,350 | | | | |
| Subtotal | **$ 433,254** | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Long term and short term borrowing | $ 664,000 | | | | |
| Accounts payable | 86,932 | | | | |
| Lease liabilities | 83 | | | | |
| Other financial liabilities | 179,085 | | | | |
| Subtotal | **$ 930,100** | | | | |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | $ 227,012 | | | | |
| Accounts receivable | 192,587 | | | | |
| Accounts receivable – related party | 159,777 | | | | |
| Other financial assets | 10,789 | | | | |
| Subtotal | **$ 590,165** | | | | |

(Continued)

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial liabilities measured at amortized cost | | | | | |
| Long term and short term borrowing | $ 633,360 | | | | |
| Accounts Payable | 197,970 | | | | |
| Lease liabilities | 197 | | | | |
| Other financial liabilities | 167,519 | | | | |
| Subtotal | **$ 999,046** | | | | |

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 2022 and 2021.

(Continued)

(r) 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) 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(q) in the accompanying consolidated financial statements.

(s) 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 35% and 38% as of December 31, 2022 and 2021, respectively.

(t) 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, 2022 and 2021, were as follows:

(i) Adoption lease for right-of-use assets, please refer to note 6(f).

(Continued)

(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2022 | Cash flows | Other | December 31, 2022 |
|---|---|---|---|---|
| Long-term borrowings | $ 418,000 | (64,000) | - | 354,000 |
| Short-term borrowings | 215,360 | 94,640 | - | 310,000 |
| Lease liabilities | 197 | (114) | - | 83 |
| Total liabilities from financing activity | **$ 633,557** | **30,526** | **-** | **664,083** |

| | January 1, 2021 | Cash flows | Other | December 31, 2021 |
|---|---|---|---|---|
| Long-term borrowings | $ 482,000 | (64,000) | - | 418,000 |
| Short-term borrowings | 190,000 | 25,360 | - | 215,360 |
| Lease liabilities | 480 | (283) | - | 197 |
| Total liabilities from financing activity | **$ 672,480** | **(38,923)** | **-** | **633,557** |

## (7) Related-party transactions:

(a) Names and relationship with related parties

| Name of related party | Relationship with the Company |
|---|---|
| Min Aik Technology Co., Ltd. (MAT) | The entity with significant influence over the Company |
| 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 Company's major management personnel |

(b) Parent company and ultimate controlling company

The Company is the subsidiaries' parent company and the ultimate controlling party.

(Continued)

(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 | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| Subsidiaries | $ - | 146 | - | - |
| The entity with significant influence over the Company: | | | | |
| MAT | 169,406 | 193,415 | 60,303 | 80,484 |
| Other related parties: | | | | |
| MAM | 152,098 | 267,875 | 8,731 | 79,293 |
| Others | 58 | 35 | 36 | - |
| | $ 321,562 | 461,471 | 69,070 | 159,777 |

The payment terms of the sales to related parties and non-related parties are O/A 75~120 day and normally about two to four months, respectively. The selling price to related parties is referred to the market price and negotiated by both parties.

(ii) Accepting services from and other accounts payable to related parties

| | Transaction amount | | Other accounts payable to related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| Subsidiaries | $ 186 | 259 | - | 257 |
| The entity with significant influence over the Company | 5,991 | 5,753 | 1,651 | 2,892 |
| Other related parties | 1,684 | 4,313 | - | 657 |
| | $ 7,861 | 10,325 | 1,651 | 3,806 |

(iii) Rendering services to and other accounts receivable from related parties

| | Transaction amount | | Other accounts receivable from related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| Subsidiaries | $ - | 1,157 | - | - |
| The entity with significant influence over the Company | 35 | - | 37 | - |
| Other related parties | 1,262 | 1,232 | 897 | 441 |
| | $ 1,297 | 2,389 | 934 | 441 |

(Continued)

(iv) Purchase of property, plant and equipment and other accounts payable to related parties.

| | Transaction amount | | Other accounts payable to related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **December 31, 2022** | **December 31, 2021** |
| Subsidiaries | $ 8,288 | - | 679 | - |

The Company purchased machines from subsidiaries for its operating demand.

(v) Guarantee

As of December 31, 2022 and 2021, the Company's guarantees for subsidiaries' bank loan were $74,937 thousand and $27,680 thousand, respectively, and actually drawdown amounts were both $0 thousand.

(d) Key management personnel compensation

Key management personnel compensation were as follows:

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | $ 23,018 | 14,297 |
| Post-employment benefits | 203 | 204 |
| Total | $ 23,221 | 14,501 |

## (8) Pledged assets:

The carrying values of pledged assets were as follows:

| Pledged assets | Object | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Land and buildings | Long-term borrowings | $ 668,068 | 670,243 |
| Restricted bank deposits | Guarantee for post release duty payment | 1,000 | 1,000 |
| | | $ 669,068 | 671,243 |

(Continued)

**(9) Significant contingent liabilities and unrecognized commitments:**

(a) The Company's unrecognized contractual commitments were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Purchase commitment | $ 92,936 | 124,361 |
| Acquisition of property, plant and equipment | $ 8,974 | 19,475 |

(b) The guarantee notes issued by the Company for the line of credit and for the financing were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Issued guarantee notes | $ 937,840 | 1,042,880 |

(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 | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 281,930 | 75,015 | 356,945 | 272,729 | 68,205 | 340,934 |
| Labor and health insurance | 30,542 | 5,431 | 35,973 | 28,979 | 5,480 | 34,459 |
| Pension | 10,299 | 2,467 | 12,766 | 9,913 | 2,656 | 12,569 |
| Remuneration of directors | - | 6,475 | 6,475 | - | 5,770 | 5,770 |
| Others | 10,340 | 4,724 | 15,064 | 10,093 | 3,949 | 14,042 |
| Depreciation | 50,929 | 6,691 | 57,620 | 44,774 | 8,531 | 53,305 |
| Amortization | 6,708 | - | 6,708 | 16,361 | - | 16,361 |

(Continued)

For the year ended 2022 and 2021, additional information about the number of employees and employee benefits are as follows:

| | 2022 | 2021 |
|---|---|---|
| Average number of employees | 538 | 532 |
| Number of directors, not in concurrent employment | 7 | 7 |
| Average employee benefits | $ 792 | 766 |
| Average salaries | $ 672 | 649 |
| Average salaries adjustments | 3.54 % | 5.36 % |

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, 2022:

(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) | 1,898,232 | 32,215 | 30,710 | - | - | 1.62 % | 1,898,232 | Yes | No | No |
| 0 | The Company | Amould (Suzhou) | (2) | 1,898,232 | 45,113 | 44,227 | - | - | 2.33 % | 1,898,232 | 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, 2022 (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) | 152,098 | (13%) | Note 1 | - | - | 8,731 | 3% | |
| The company | Min Aik Technology Co., Ltd. (MAT) | 〃 | (Sale) | 169,406 | (14%) | Note 2 | - | - | 60,303 | 20% | |

Note 1：The payment is O/A 75 days, any further adjustment on the term will have to be agreed by both parties.
Note 2：The payment is O/A 90~120 days, any further adjustment on the term will have to be agreed by both parties.



(Continued)

(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 2022 (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, 2022 | | | Net income (losses) of the investee | Investment income (losses) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares (thousands) | Percentage of ownership | Carrying value | Carrying value | | |
| The Company | Esteem King | Samoa | Investment holding | 451,586 | 511,481 | 15,079 | 100.00 % | 1,038,922 | 134,991 | 134,991 | |
| The Company | Evolution | Hong Kong | Investment holding | 145,103 | 145,103 | 4,600 | 100.00 % | 10,098 | (105) | (105) | |
| Esteem King | MATC | Malaysia | Manufacture and selling hard disk components | 127,726 | 127,726 | 4,427 | 20.00 % | 11,650 | (93,267) | (18,653) | |
| Esteem King | MAPP | Singapore | Manufacture and selling medical injection and molding | 323,449 | 323,449 | 10,714 | 100.00 % | 853,651 | 148,525 | 148,525 | |

(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, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | 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 | | | | | | |
| Amould (Suzhou) | Design and manufacture automatic machines | 213,774 | Note1 | 141,923 | - | - | 141,923 | 59,967 | 100% | 59,967 | 318,083 | - |

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| 269,999 | 269,999 | 1,138,939 |

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.

(iii) Significant transactions with the subsidiary in Mainland China

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in " Information on significant transactions".

(d) Major shareholders:

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| Min Aik Technology CO., LTD. | 29,357,000 | 38.12 % |
| BEACON INVESTMENT LIMITED(MALAYSIA) | 24,718,763 | 32.10 % |

**(14) Segment information:**

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Min Aik Precision Industrial Co., Ltd.

Chairman: Chia, Kin-Heng