

Stock Code : 4545



銘鈺精密工業股份有限公司

Min Aik Precision Industrial Co., Ltd.

2020

Annual General Meeting

Meeting Handbook

Time : 9:00 a.m., Tuesday, May 15, 2020

Venue : 2F., No.2, Ln. 12, Datan 3rd Rd., Guanyin Dist., Taoyuan
City , Taiwan

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Min Aik Precision Industrial Co., Ltd.

Agenda of the 2020 Annual General Meeting

Time: 9:00 a.m., Tuesday, May 15, 2020

Venue: 2F., No.2, Ln.12, Datan 3rd Rd., Guanyin Dist., Taoyuan City, Taiwan

Number of Shares Present:

Call to Order:

Chairperson Remarks:

I. Matters Reported

1. The 2019 Business Report.
2. The 2019 Audit Committee Report.

II. Matters for Ratification

1. Adoption of the 2019 Business Report and Financial Statements.
2. Adoption of the 2019 Earnings Distribution.

III. Matters for Discussion

1. Proposal for distributions from Additional Paid-In Capital cash distribution.
2. Amendment to the Company's Articles of Incorporation.
3. To elect directors to the Board of Directors for the 9th Term.
4. Release the Directors from Non-Competition Restrictions.

IV. Questions and Motions

V. Adjournment

I. Matters Reported:

Proposal 1

Subject: The 2019 Business Report.

Explanation: The 2019 Business Report please refer to Attachment 1(Page 7-9).

Proposal 2

Subject: The 2019 Audit Committee Report.

Explanation: The 2019 Audit Committee Report please refer to Attachment 2 (Page 10).

II. Matters for Ratification:

Proposal 1 (Proposed by Board of Directors)

Subject: Adoption of the 2019 Business Report and Financial Statements.

Explanation:

1. The individual financial report and consolidated financial report of 2019 of The Company have been certified by Chen, Cheng-Chien and Huang, Yung-Hua, CPAs of KPMG. The reports and the business report have also been reviewed by Audit Committee found true and correct. Please refer to Attachments 1 (Page 7-9) and Attachments 3 (Page 11-26).
2. Please kindly ratify the 2018 Business Report and Financial Statements.

Resolution:

Proposal 2 (Proposed by Board of Directors)

Subject: Adoption of the Proposal for Distribution of 2019 Profits.

Explanation:

1. The company's 2019 net income after tax was NT\$14,159,650 dollars, and the proposal for distribution of the 2019 profits in accordance with the Articles of Incorporation is hereby prepared. Please refer to Attachment 4 (Page 27) for details.
2. The proposed dividend to shareholders is NT\$0.1 per share. Upon approval by the Annual Shareholders' Meeting, the Chairman is authorized to resolve the ex-rights date, distribution date, and other relevant issues.
3. The aforementioned cash dividend shall be rounded down to the nearest dollar, and the total of any fractional amount less than one dollar will be recognized as "other" income of the company.
4. If the dividend ratio is afterward affected by a change in the outstanding shares, it is proposed that the Board of Directors be authorized to adjust the dividend to be distributed to each share based on the number of actual outstanding shares on the record date for distribution.
5. This proposal is hereby put forth for adoption.

Resolution:

III. Matters for Discussion and Election:

Proposal 1 (Proposed by Board of Directors)

Subject: Proposal for cash dividend by capital surplus.

Explanation:

1. The company plans to distribute capital surplus from the issue of stock in excess of the par value of NT\$19,250,000 in cash in accordance with Article 241 of the Company Act. The proposed dividend to shareholders is NT\$0.25 per share. Upon approval by the Annual Shareholders' Meeting, the Chairman is authorized to resolve the ex-rights date, distribution date, and other relevant issues.
2. The aforementioned cash dividend shall be rounded down to the nearest dollar, and the total of any fractional amount less than one dollar will be recognized as "other" income of the company.
3. If the dividend ratio is afterward affected by a change in the outstanding shares, it is proposed that the Board of Directors be authorized to adjust the dividend to be distributed to each share based on the number of actual outstanding shares on the record date for distribution.
4. This proposal is hereby put forth for resolution.

Resolution:

Proposal 2 (Proposed by Board of Directors)

Subject: Proposal for amendment to the Articles of Incorporation.

Explanation: In order to conform with current laws and regulations and the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend certain articles of the Articles of Incorporation. Please refer to Attachment 5 (Page 28-29) for details.

Resolution:

Proposal 3 (Proposed by Board of Directors)

Subject: Proposal for the 9th Directors election.

Explanation:

1. The three-year term of the members of the 8th Board of Directors will end on June 15, 2020. Therefore, the company proposes to duly elect new Board members at this year's Annual Shareholders' Meeting. The tenure of office of the 9th Board of Directors will be three years from May 15, 2020 to May 14, 2023.
2. According to Article 13 of the Articles of Incorporation, a total of seven directors (including three independent directors) shall be elected from the nomination list resolved by the Board meeting dated February 26, 2020. Please refer to Attachment 6 (Page 30-34) for the nomination list of Directors.
3. This proposal is hereby put forth for the election.

Election result:

Proposal 4 (Proposed by Board of Directors)

Subject: Proposal for the removal of the non-competition restriction on Directors and his/her representatives.

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
2. If a newly elected director or his/her representative does anything for himself or on behalf of another person that is within the scope of the company's business as previously mentioned, it is proposed to remove the non-competition restriction on the condition that the interests of the company are not impaired.
3. Please refer to Attachment 7 (Page 35) for the content of competition acts of directors to be removed in this shareholders' meeting.

Resolution:

IV. Questions and Motions

V. Adjournment

Min Aik Precision Industrial Co., Ltd.

2019 Business Report

With the effort of all colleagues together, the company has overcome the awkward situation of low loss in 2018 and turned that loss into earnings in 2019, despite the ongoing trade war between the US and China, as well as other factors resulting in industrial fluctuation. Although the turnover amount decreased compared to the year before, all profitability ratios in 2019 improved due to cost control and improved efficiency. As for the outlook of 2020, we will still face many macroeconomic and industrial challenges, whether from the perspective of declined consumption due to COVID-19 or increasing competition among the industry, which may result in great operational burdens to the company in 2020. The management team will bravely persist in the spirit of transforming adverse circumstances and facing them head on for sustainable profit growth and to fulfill the expectation of the company's investors.

I. Operating policies and implementation overview

Since the trade war between US and China has been continued from the end of 2018 to 2019, many companies setting operation in China successively move partial productivity out from China. It has certain effects on automatic equipment business based in China. In addition, the hard disc market shrinks continuously, and therefore the precision metal stamping business was quiet suppressed in term of revenue. To reduce the effects of decreased revenue on profit of the company, the management team devoted to the cost control over precision metal stamping and automatic equipment to improve production efficiency. Therefore, though the revenue was not as good as expected, the gross margin was increased on contrary. In addition, the medical plastic business still provides stable revenue and profit to the group. Therefore, the operating income of 2019 grew significantly as comparing to 2018 and we had turned the loss NT\$53.33 million in 2018 to profit 47.78 million in 2019.

After smooth recovery of profit in 2019, the precision metal stamping and automatic equipment will be continuously contributed to new product market and aggressive development to reduce the impact of macroeconomic and industrial chain to the company. Meanwhile, we cut in the new products and customer market to offset the effects of gradual decline of existed products. On the other hand, the company will continuously expand the productivity and reinforce the product line of medical plastic business as to consolidate the revenue and profit contribution to the group, allowing the group have more resources for continuous transformation

and create more profits to shareholders.

II. Implementation achievements of the operating plan

Item	2019	2018
Operating Revenue	1,797,291	2,073,532
Operating Gross Profit	398,249	360,103
Operating profit/loss	47,780	-53,333
Non-Operating Income and Expenses	-46,113	19,124
Net income	14,160	-56,767

III. Analysis of profitability

Item	2019	2018
Return on asset (%)	0.92%	-1.61%
Return on equity (%)	0.82%	-3.19%
Paid-in capital (%)	Operating Income	-6.93%
	Pre-tax Profit	-4.44%
Profit ratio (%)	0.79%	-2.74%
Earnings per share (NT\$)	0.18	-0.74

IV. Research and Development situations

Min Aik Precision mainly engages in metal stamping, automatic equipment and medical plastics such three businesses based on manufacturing. The improvement of manufacturing efficiency is highly correlated with profitability. Therefore, the company has aggressively introduced industry 4.0 to all business units for the expectation to carry out the theory and system of smart manufacturing and big data analysis to improve production efficiency and yield. In addition, since there was no revolutionary product on market in recent two years and the market is at a standstill, the precision metal stamping and automatic equipment industries are situated in red sea market. In order to get rid of this situation, the company has invested certain resources to convert its original core competence to new product and market, e.g. non-consumer electronic components and visual identification system as to gradually enter the blue sea field. As to the medical plastic products, the company also continuously invests materials and modules into development and assembly to expand the foundation of existed customers and diversify the operational on the other hand and further increase the contribution of medical plastic industry to the group as well.

The management team fully understands that only constant development and innovation may keep the leading advantages of the company. Therefore, the developments of all business units in this group are originated from their own core competence, incorporated with future product trend and market potential. In addition, the company also actively cooperates with different domestic academic unit to seek for the opportunities of new technology marketization. The management team of the company firmly considers that only the technological threshold and power established by continuous investment in development resources incorporated with co-development with academic units is the only way to be industrial leaders in all business fields.

With the joint effort of the management team and employees, the company has returned to the profit track and removed the shadow of the slight loss encountered in 2018, even though the revenue decreased. All challenges and conditions met by the company in the past few years could be used as lessons for subsequent company development and planning. We appreciate your long-term support and encouragement. Regarding the outlook of 2020, the company will continue its strategies from 2019 to stabilize profit foundation via production efficiency and cost control. Furthermore, we will continue to invest and introduce new product technologies and management systems in order to follow changing trends when the industry starts to adjust in the next few years, developing a new era for growth and profitability in the future.

After being listed in 2016, the operating performance of the company has indeed not been as good as expected because the growth of the industry slowed down or even declined, and the transformation was not implemented as quickly as possible. Thank you very much for your continued support. Looking into the year 2020, the company shall continue to face considerable uncertainties in the macroeconomic and industrial aspects. However, after learning and investment over the past few years, the view of the future and the strategy distribution of the management team have become apparent. Although operations may be very difficult in 2020, we believe that the company will gradually get out of its past difficulties and return to a track of growth, to meet shareholders' expectations.

Min Aik Precision Industrial Co., Ltd.

Audit report issued by Audit Committee for 2019

The individual financial report and consolidated financial report of 2019 of the company, which were prepared by its Board of Directors, have been certified by Chen, Cheng-Chien and Huang, Yung-Hua, CPAs of KPMG. The aforementioned reports, the business report and the proposal of 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:

2020 Annual General Meeting of Min Aik Precision Industrial Co., Ltd.

Convener of Audit Committee: Liu, Chin-Tang

March 27, 2020

Independent Auditors' Report

(Parent Company Only Financial Statements)

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

Opinion

We have audited the financial statements of Min Aik Precision Industrial Co., Ltd. (“the Company”), which comprise the parent company only balance sheets statement of financial position as of December 31, 2019 and 2018, the parent company only statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2019 and 2018, 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, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion. The key audit matters that, in our professional judgement, should be communicated are as follow:

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.

1. Inventory valuation

Please refer to Note 4(g) “Inventory” and 5(a) of the notes to financial statement for the accounting policies on inventory measurement and significant accounting assumptions and judgments, and major sources of estimation uncertainty, respectively.

Description of key audit matter:

The Company's inventory are measured at lower of cost and net realized value. The Company's products may be obsolescent or do not meet the market requirement due to new product release or market change. Thus, the cost of inventory may exceed its net realizable value. Moreover, the salesability of products may affect the inventory valuation, which also need to be taken into serious consideration. Therefore, the inventory valuation is one of the key audit matters.

How the matter was addressed in our audit:

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

2. Investments accounted for using equity method

Please refer to Notes 4(h) "Investment in associates" and Notes 5(b) of the notes to financial statement for the accounting policies on investment in associates and significant accounting assumptions and judgments, and major sources of estimation uncertainty, respectively.

Description of key audit matter:

The subsidiaries that accounted for using equity method, inventory valuation is material to the parent company only financial statements. The abovementioned valuation may have significant impact to the Company's operating results. Therefore, the inventory of the subsidiaries is one of the key audit matters.

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 27, 2020

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MIN AIK PRECISION INDUSTRIAL CO., LTD.

Parent Company Only Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018		Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a))	\$ 317,854	12	417,477	15	2100	Short-term borrowings (note 6(h))	\$ 100,000	4	140,000	5
1170	Notes and accounts receivable, net (notes 6(c) and (p))	83,536	3	116,414	4	2170	Accounts payable	113,105	4	126,820	5
1181	Accounts receivable from related parties (notes 6(c) and 7)	153,766	6	143,965	5	2201	Salaries and wages payable	52,030	2	59,498	2
130X	Inventories (notes 6(d))	99,603	4	135,286	5	2300	Other current liabilities (note 7)	87,426	4	97,086	3
1479	Other current assets (notes 7 and 8)	44,303	2	41,090	1	2280	Current lease liabilities (note 6(j))	626	-	-	-
		<u>699,062</u>	<u>27</u>	<u>854,232</u>	<u>30</u>	2322	Long-term borrowings, current portion (note 6(i))	64,000	2	98,000	4
Non-current assets:								<u>417,187</u>	<u>16</u>	<u>521,404</u>	<u>19</u>
1536	Non-current financial assets at amortised cost (note 6(b))	91,019	4	-	-	Non-Current liabilities:					
1551	Investments accounted for using equity method (note 6(e))	850,850	33	955,135	35	2541	Long-term borrowings (note 6(i))	432,000	17	462,000	17
1600	Property, plant and equipment (notes 6(f), 7 and 8)	890,111	34	914,946	33	2570	Deferred tax liabilities (note 6(m))	18,285	1	50,822	2
1755	Right-of-use assets (note 6(g))	1,100	-	-	-	2580	Non-current lease liabilities (note 6(j))	480	-	-	-
1995	Other non-current assets (notes 6(l) and (m))	48,218	2	39,073	2			<u>450,765</u>	<u>18</u>	<u>512,822</u>	<u>19</u>
		<u>1,881,298</u>	<u>73</u>	<u>1,909,154</u>	<u>70</u>	Total liabilities		<u>867,952</u>	<u>34</u>	<u>1,034,226</u>	<u>38</u>
Total assets		<u>\$ 2,580,360</u>	<u>100</u>	<u>2,763,386</u>	<u>100</u>	Equity attributable to owners of parent (note 6(n)):					
						3110	Ordinary share	770,000	30	770,000	28
						3200	Capital surplus	704,385	27	731,335	26
						3310	Legal reserve	230,904	9	284,874	10
						3320	Special reserve	61,868	2	61,868	2
						3350	Unappropriated retained earnings	15,377	1	(53,970)	(2)
						3412	Exchange differences on translation of foreign financial statements	(70,126)	(3)	(64,947)	(2)
						Total equity		<u>1,712,408</u>	<u>66</u>	<u>1,729,160</u>	<u>62</u>
						Total liabilities and equity		<u>\$ 2,580,360</u>	<u>100</u>	<u>2,763,386</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MIN AIK PRECISION INDUSTRIAL CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(p) and 7)	\$ 917,843	102	1,053,656	102
4170	Less: Sales returns and allowances	<u>14,288</u>	<u>2</u>	<u>21,360</u>	<u>2</u>
	Net operating revenue	<u>903,555</u>	<u>100</u>	<u>1,032,296</u>	<u>100</u>
5111	Operating costs (notes 6(d), (j), (k), (l), 7 and 12)	<u>759,103</u>	<u>84</u>	<u>923,336</u>	<u>89</u>
	Gross profit from operations	<u>144,452</u>	<u>16</u>	<u>108,960</u>	<u>11</u>
	Operating expenses (notes 6(c), (j), (k), (l), 7 and 12):				
6100	Selling expenses	29,544	3	36,660	4
6200	Administrative expenses	95,647	11	106,460	10
6300	Research and development expenses	34,190	3	33,460	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>(331)</u>	<u>-</u>	<u>878</u>	<u>-</u>
	Total operating expenses	<u>159,050</u>	<u>17</u>	<u>177,458</u>	<u>17</u>
	Net operating losses	<u>(14,598)</u>	<u>(1)</u>	<u>(68,498)</u>	<u>(6)</u>
	Non-operating income and expenses (notes 6(e), (f), (r) and 7):				
7010	Other income	9,611	1	12,293	1
7020	Other gains and losses, net	(13,654)	(2)	11,356	1
7375	Share of profit of associates and joint ventures accounted for using equity method	1,527	-	7,995	1
7050	Finance costs	<u>(9,278)</u>	<u>(1)</u>	<u>(7,880)</u>	<u>(1)</u>
		<u>(11,794)</u>	<u>(2)</u>	<u>23,764</u>	<u>2</u>
7900	Loss before tax income	<u>(26,392)</u>	<u>(3)</u>	<u>(44,734)</u>	<u>(4)</u>
7950	Less: Income tax expenses (income) (note 6(m))	<u>(40,552)</u>	<u>(5)</u>	<u>12,033</u>	<u>1</u>
	Net profit (loss)	<u>14,160</u>	<u>2</u>	<u>(56,767)</u>	<u>(5)</u>
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	<u>1,217</u>	<u>-</u>	<u>814</u>	<u>-</u>
		<u>1,217</u>	<u>-</u>	<u>814</u>	<u>-</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(5,179)</u>	<u>(1)</u>	<u>(3,079)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(5,179)</u>	<u>(1)</u>	<u>(3,079)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>(3,962)</u>	<u>(1)</u>	<u>(2,265)</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 10,198</u>	<u>1</u>	<u>(59,032)</u>	<u>(5)</u>
9750	Basic earnings (loss) per share (NT dollars) (note 6(o))	<u>\$ 0.18</u>		<u>(0.74)</u>	

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.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Other equity interest</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	
Balance on January 1, 2018	\$ 770,000	758,285	283,223	56,380	20,672	(61,868)	1,826,692
Profit (loss)	-	-	-	-	(56,767)	-	(56,767)
Other comprehensive income	-	-	-	-	814	(3,079)	(2,265)
Total comprehensive income (loss)	-	-	-	-	(55,953)	(3,079)	(59,032)
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	1,651	-	(1,651)	-	-
Special reserve	-	-	-	5,488	(5,488)	-	-
Cash dividends on ordinary share	-	-	-	-	(11,550)	-	(11,550)
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)
Balance on December 31, 2018	770,000	731,335	284,874	61,868	(53,970)	(64,947)	1,729,160
Profit (loss)	-	-	-	-	14,160	-	14,160
Other comprehensive income	-	-	-	-	1,217	(5,179)	(3,962)
Total comprehensive income (loss)	-	-	-	-	15,377	(5,179)	10,198
Appropriation and distribution of retained earnings:							
Legal reserve used to offset accumulated deficits	-	-	(53,970)	-	53,970	-	-
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)
Balance on December 31, 2019	\$ 770,000	704,385	230,904	61,868	15,377	(70,126)	1,712,408

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.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (26,392)	(44,734)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	73,708	79,104
Expected credit loss (gain)	(331)	878
Interest expense	9,278	7,880
Interest income	(1,235)	(1,148)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,527)	(7,995)
Loss (profit) on disposal or retirement of property, plant and equipment	(38)	325
Impairment loss on non-financial assets	1,185	12,444
Total adjustments to reconcile profit	<u>81,040</u>	<u>91,488</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	23,408	87,113
Inventories	35,355	(26,534)
Other current assets	(3,776)	2,832
Other operating assets	(1,951)	(1,042)
Total changes in operating assets	<u>53,036</u>	<u>62,369</u>
Changes in operating liabilities:		
Accounts payable	(13,715)	(34,407)
Other current liabilities	(12,807)	(38,169)
Total changes in operating liabilities	<u>(26,522)</u>	<u>(72,576)</u>
Total changes in operating assets and liabilities	<u>26,514</u>	<u>(10,207)</u>
Total adjustments	<u>107,554</u>	<u>81,281</u>
Cash inflow generated from operations	81,162	36,547
Interest received	1,235	1,229
Interest paid	(9,594)	(6,157)
Income taxes paid	(10,725)	(2,723)
Net cash flows from operating activities	<u>62,078</u>	<u>28,896</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(91,019)	-
Acquisition of investments accounted for using equity method	-	(66,479)
Cash dividends from investment accounted for using equity method	100,633	-
Acquisition of property, plant and equipment	(41,559)	(742,607)
Proceeds from disposal of property, plant and equipment	38	7
Decrease (increase) in refundable deposits	3,175	(1,017)
Increase in other financial assets	-	(730)
Net cash flows used in investing activities	<u>(28,732)</u>	<u>(810,826)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowing	(40,000)	(10,000)
Increase in long-term borrowing	-	510,000
Repayments of long-term borrowing	(64,000)	-
Payment of lease liabilities	(2,019)	-
Cash dividends paid	(26,950)	(38,500)
Net cash flows from (used in) financing activities	<u>(132,969)</u>	<u>461,500</u>
Net decrease in cash and cash equivalents	(99,623)	(320,430)
Cash and cash equivalents at beginning of period	417,477	737,907
Cash and cash equivalents at end of period	<u>\$ 317,854</u>	<u>417,477</u>

See accompanying notes to parent company only financial statements.

Independent Auditors' Report

(Consolidated Financial Statements)

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

Opinion

We have audited the consolidated financial statements of Min Aik Precision Industrial Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

Please refer to Note 4(h) “Inventory” and 5 of the notes to consolidated financial statement for the accounting policies on inventory measurement and significant accounting assumptions and judgments, and major sources of estimation uncertainty, respectively.

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 customizd based on specific client's need. Thus, the cost of inventory may exceed its net realizable value. Moreover, the salesability 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, 2019 and 2018, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 27, 2020

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 Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(p) and 7)	\$ 1,815,242	101	2,100,367	101
4170	Less: Sales returns and allowances	<u>17,951</u>	<u>1</u>	<u>26,835</u>	<u>1</u>
	Net operating revenue	<u>1,797,291</u>	<u>100</u>	<u>2,073,532</u>	<u>100</u>
5111	Operating costs (notes 6(d), (j), (k), (l), 7 and 12)	<u>1,399,042</u>	<u>78</u>	<u>1,713,429</u>	<u>83</u>
	Gross profit from operations	<u>398,249</u>	<u>22</u>	<u>360,103</u>	<u>17</u>
	Operating expenses (note 6(c), (j), (k), (l), 7 and 12):				
6100	Selling expenses	89,234	5	104,141	5
6200	Administrative expenses	184,824	10	205,420	10
6300	Research and development expenses	78,332	4	102,233	5
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>(1,921)</u>	<u>-</u>	<u>1,642</u>	<u>-</u>
	Total operating expenses	<u>350,469</u>	<u>19</u>	<u>413,436</u>	<u>20</u>
	Net operating income (losses)	<u>47,780</u>	<u>3</u>	<u>(53,333)</u>	<u>(3)</u>
	Non-operating income and expenses (notes 6(e), (f), (j), (r) and 7):				
7010	Other income	42,697	2	45,435	2
7020	Other gains and losses, net	(36,223)	(2)	(6,965)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	(38,488)	(2)	(10,551)	(1)
7050	Finance costs	<u>(14,099)</u>	<u>(1)</u>	<u>(8,795)</u>	<u>-</u>
		<u>(46,113)</u>	<u>(3)</u>	<u>19,124</u>	<u>1</u>
7900	Profit (loss) before income tax	1,667	-	(34,209)	(2)
7951	Less: Income tax expenses (income) (note 6(m))	<u>(12,493)</u>	<u>-</u>	<u>22,558</u>	<u>1</u>
	Net profit (loss)	<u>14,160</u>	<u>-</u>	<u>(56,767)</u>	<u>(3)</u>
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	<u>1,217</u>	<u>-</u>	<u>814</u>	<u>-</u>
		<u>1,217</u>	<u>-</u>	<u>814</u>	<u>-</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(5,179)</u>	<u>-</u>	<u>(3,079)</u>	<u>-</u>
		<u>(5,179)</u>	<u>-</u>	<u>(3,079)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>(3,962)</u>	<u>-</u>	<u>(2,265)</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 10,198</u>	<u>-</u>	<u>(59,032)</u>	<u>(3)</u>
	Net profit (loss), attributable to:				
	Owners of parent	<u>\$ 14,160</u>	<u>-</u>	<u>(56,767)</u>	<u>(3)</u>
	Total comprehensive income (loss) attributable to:				
	Owners of parent	<u>\$ 10,198</u>	<u>-</u>	<u>(59,032)</u>	<u>(3)</u>
	Basic earnings (loss) per share (NT dollars) (note 6(o))	<u>\$ 0.18</u>		<u>(0.74)</u>	

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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
	Share capital		Retained earnings			Other equity interest	Total equity attributable to owners of parent	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
Balance at January 1, 2018	\$ 770,000	758,285	283,223	56,380	20,672	(61,868)	1,826,692	1,826,692
Profit (loss)	-	-	-	-	(56,767)	-	(56,767)	(56,767)
Other comprehensive income (loss)	-	-	-	-	814	(3,079)	(2,265)	(2,265)
Total comprehensive income (loss)	-	-	-	-	(55,953)	(3,079)	(59,032)	(59,032)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	1,651	-	(1,651)	-	-	-
Special reserve	-	-	-	5,488	(5,488)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(11,550)	-	(11,550)	(11,550)
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)	(26,950)
Balance at December 31, 2018	<u>770,000</u>	<u>731,335</u>	<u>284,874</u>	<u>61,868</u>	<u>(53,970)</u>	<u>(64,947)</u>	<u>1,729,160</u>	<u>1,729,160</u>
Profit (loss)	-	-	-	-	14,160	-	14,160	14,160
Other comprehensive income (loss)	-	-	-	-	1,217	(5,179)	(3,962)	(3,962)
Total comprehensive income (loss)	-	-	-	-	15,377	(5,179)	10,198	10,198
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	-	(53,970)	-	53,970	-	-	-
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)	(26,950)
Balance at December 31, 2019	<u>\$ 770,000</u>	<u>704,385</u>	<u>230,904</u>	<u>61,868</u>	<u>15,377</u>	<u>(70,126)</u>	<u>1,712,408</u>	<u>1,712,408</u>

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Profit (loss) before income tax	\$ 1,667	(34,209)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	121,932	116,469
Expected credit loss (gain)	(1,921)	1,642
Interest expense	14,099	8,795
Interest income	(4,337)	(3,091)
Share of loss of associates and joint ventures accounted for using equity method	38,488	10,551
Loss (profit) on disposal of property, plan and equipment	(175)	1,407
Property, plan and equipment transferred to expenses	2,173	7,510
Impairment loss on non-financial assets	1,185	12,444
Total adjustments to reconcile profit	<u>171,444</u>	<u>155,727</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	167,760	195,900
Inventories	(8,067)	(26,157)
Other current assets	(5,429)	2,037
Other operating assets	(1,950)	(1,042)
Total changes in operating assets	<u>152,314</u>	<u>170,738</u>
Changes in operating liabilities:		
Accounts payable	(14,756)	(35,425)
Other current liabilities	(73,481)	10,079
Total changes in operating liabilities	<u>(88,237)</u>	<u>(25,346)</u>
Total changes in operating assets and liabilities	<u>64,077</u>	<u>145,392</u>
Total adjustments	<u>235,521</u>	<u>301,119</u>
Cash inflow generated from operations	237,188	266,910
Interest received	4,337	3,170
Interest paid	(14,783)	(6,649)
Income taxes paid	(26,855)	(17,904)
Net cash flows from operating activities	<u>199,887</u>	<u>245,527</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(91,019)	-
Acquisition of property, plant and equipment	(70,649)	(779,025)
Proceeds from disposal of property, plant and equipment	155	1,531
Decrease (increase) in refundable deposits	360	(366)
Increase in other non-current assets	-	(1,064)
Net cash flows used in investing activities	<u>(161,153)</u>	<u>(778,924)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowing	(85,864)	(24,086)
Increase in long-term borrowing	-	510,000
Repayments of long-term borrowing	(64,000)	-
Payment of lease liabilities	(12,007)	-
Cash dividends paid	(26,950)	(38,500)
Net cash flows from (used in) financing activities	<u>(188,821)</u>	<u>447,414</u>
Effect of exchange rate changes on cash and cash equivalents	<u>143</u>	<u>(5,795)</u>
Net decrease in cash and cash equivalents	<u>(149,944)</u>	<u>(91,778)</u>
Cash and cash equivalents at beginning of period	<u>1,000,649</u>	<u>1,092,427</u>
Cash and cash equivalents at end of period	<u>\$ 850,705</u>	<u>1,000,649</u>

See accompanying notes to consolidated financial statements.

Min Aik Precision Industrial Co., Ltd.

2019 Earnings distribution statement

Unit: NT\$

Item	Amount
Undistributed profit at start of period	0
Plus: Variation following re-evaluation of confirmed welfare plan	1,217,197
Plus: Net profit after tax for the current period	14,159,650
Less: Legal reserve	(1,415,965)
Less: Special reserve provided for equity deductions Distributable surplus	(5,178,242)
Accumulated distributable earnings	8,782,640
Allocation items in this period	
Less: Cash dividends	(7,700,000)
Undistributed earnings at the end of the period	1,082,640

Min Aik Precision Industrial Co., Ltd.

Comparison Table of Amended Clauses of Articles of Incorporation

Article	Amended Clauses	Current Provision	Remarks
2	<p>The Company's business items are as follows:</p> <ol style="list-style-type: none"> 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. <u>CB01010 Machinery and Equipment Manufacturing</u> 9. <u>CB01990 Other Machinery Manufacturing Not Elsewhere Classified</u> 10. <u>CC01080 Electronic Parts and Components Manufacturing</u> 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. 	<p>The Company's business items are as follows:</p> <ol style="list-style-type: none"> 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. CN01010 Furniture and Fixtures Manufacturing 9. F401030 Manufacturing Export 10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. 	<p>To cooperate with the needs of operation, the business items are added.</p>
20	<p><u>If the company has a surplus after the annual accounts 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</u></p>	<p><u>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</u></p>	<p>Amend the text pursuant to laws, and update the dividend policy according to actual needs.</p>

Article	Amended Clauses	Current Provision	Remarks
	<p>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.</p> <p>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 <u>30%</u> of total dividend.</p>	<p>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.</p> <p>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 <u>10%</u> of total dividend.</p>	
22	<p>These Articles of Incorporation were set up on January 9, 2001.</p> <p>The 1st-14th amendment (omitted)</p> <p><u>The 15th amendment was made on May 15, 2020.</u></p>	<p>These Articles of Incorporation were set up on January 9, 2001.</p> <p>The 1st-14th amendment (omitted)</p>	Add revision date

Candidates of the 9th term Board of Directors

Title	Name	Number	Shareholding	Educational Background	Main Experience	Current Positions	Nomination
Director	Beacon Investments Limited Representative: Jin, Bor-Shi	50	25,375,763	M.B.A., New York University	<ul style="list-style-type: none"> • Managing Director of Leon Capital Management Co., Ltd. • Vice President, Citibank 	<ul style="list-style-type: none"> • Chairman, Min Aik Precision Industrial Co., Ltd. • Director, MAP Plastics Pte. Ltd. (Singapore) 	Board of Directors & Beacon Investments Limited
Director	Beacon Investments Limited Representative: Kuo, Yao-Wen	50	25,375,763	M.B.A., University of Chicago	<ul style="list-style-type: none"> • Managing Director of Leon Capital Management Co., Ltd. • Vice President, Citibank 	<ul style="list-style-type: none"> • Director, Min Aik Precision Industrial Co., Ltd. 	Board of Directors & Beacon Investments Limited
Director	Beacon Investments Limited Representative: Shih, Ta-Shao	50	25,375,763	Master of Economics, Long Island University	<ul style="list-style-type: none"> • Director, Min Aik Precision Industrial Co., Ltd. • Managing Director of Leon Capital Management Co., Ltd. • Chairman, Yongyu Consulting Co., Ltd. Executive Deputy General Manager of China Development Trust Co., Ltd. • Chairman, Development Technology Co., Ltd. • Chairman, Chuanshan Securities Investment Trust Co., Ltd. • General Manager, China Investment and Development Co., Ltd. • Associate Professor, National Chiao Tung University 	-	Board of Directors & Beacon Investments Limited
Director	Beacon Investments Limited Representative: Chien, Yi-Sen	50	25,375,763	M.B.A., Indiana University	<ul style="list-style-type: none"> • Deputy General Manager of Finance, Myson Century, Inc. • Chairman, Pixon Technologies Corporation • General Manager, Dingkang Securities Co., Ltd. 	<ul style="list-style-type: none"> • Chairman, CFP Technology Corporation • Chairman, Myson Century, Inc. 	Board of Directors & Beacon Investments Limited

Title	Name	Number	Shareholding	Educational Background	Main Experience	Current Positions	Nomination
					<ul style="list-style-type: none"> • Senior Deputy General Manager, Lehman Brothers Taipei Branch • General Manager, Antay Securities Investment Advisors • Assistant, Citibank Taipei Branch • Deputy Manager, Chase Bank Taipei Branch 		
Independent Director	Kung, Tien-Hsing	A1043**** **	0	Master of Economics / M.B.A., New York University	<ul style="list-style-type: none"> • Fubon Product Insurance Co., Ltd. Chairman • Fubon Financial Holding Co., Ltd. General Manager • Executive Deputy General Manager and CFO of Fubon Financial Holdings Co., Ltd. • Executive Vice President, Walden International Investment Group • Vice President, Citibank Hong Kong Branch • Investment Director, AIG Investment Corporation • Assistant Vice President, Irving Trust Bank, USA 	<ul style="list-style-type: none"> • Independent Director, Remuneration committee and Audit committee, Min Aik Precision Industrial Co., Ltd. • Senior Consultant of Fubon Financial Holding Co., Ltd. • Senior Consultant of Fubon Insurance • Supervisor of Fubon Bank (China) • Adjunct Professor, College of Management, National Taiwan University 	Board of Directors & Beacon Investments Limited
Independent Director	Chen, John-Sea	A1037**** **	0	Ph.D. in Materials Science, University of Southern California, USA	<ul style="list-style-type: none"> • Researcher, Rockwell Scientific Center, USA • Co-founder and General Manager of Hexawave, Inc. • Deputy General Manager and Spokesperson of Etron Technology, Inc. • General Manager of CMSC, Inc. 	<ul style="list-style-type: none"> • Independent Director, Remuneration committee and Audit committee, Min Aik Precision Industrial Co., Ltd. • Chairman and CEO of CMSC, Inc. 	Board of Directors & Beacon Investments Limited
Independent Director	Hsu, Jui-Chung	E1015**** **	0	Ph.D. in Mechanical Engineering, University of	<ul style="list-style-type: none"> • Vice General Manager, Kaori Heat Treatment Co.,Ltd • Vice General Manager, J Touch Corporation 	<ul style="list-style-type: none"> • Associate Research Professor, National Cheng Kung University Energy Technology and Strategy 	Board of Directors & Beacon Investments

Title	Name	Number	Shareholding	Educational Background	Main Experience	Current Positions	Nomination
				Florida	<ul style="list-style-type: none"> • Deputy Director, Solar Optoelectronics Technology Center • Vice Director of Energy and Resources Institute / Energy and Environment Institute, Industrial Technology Research Institute 	Research Center	Limited
Director	Min Aik Technology Co., Ltd. Representative : Chia, Kin-Heng	1	27,682,910	Nanyang University Business School, Singapore	<ul style="list-style-type: none"> • Senior Purchasing Assistant, Singapore Baigong Electric Appliance Co., Ltd. • Senior Director, Miniscribe Co., Ltd. • Senior Materials Manager, Leica Instrument Pte. Ltd. • Senior Associate of the Materials Department, Western Digital (S) Pte. Ltd. • Vice President, Far East Region of Corner Co. Ltd. • Vice President, Materials and Production Planning of Maxtor Peripherals (S) Pte. Ltd. 	<ul style="list-style-type: none"> • Chairman, Min Aik Technology Co., Ltd. • Director, Min Aik Precision Industry Co., Ltd. • Director, Min Aik Technology USA Inc. • Director, Min Aik International Development Pte. Ltd. • Director, Min Aik Technology (M) Sdn. Bhd. • Director, Geminovative Technology Co., Ltd. • Director, MATC Technology Malaysia Sdn. Bhd. • Director, Map Technology Holdings Pte. Ltd. • Director, M&J Technologies Co., Ltd. • Director, Mingyu Technology (Suzhou) Co., Ltd. • Director, Jinghao (Shanghai) Energy Technology Co., Ltd. • Director, Jinghao (Suzhou) New Energy Technology Co., Ltd. 	Min Aik Technology Co., Ltd.
Director	Min Aik Technology Co., Ltd. Representative : Chang, Lung-Ken	1	27,682,910	Department of Mechanical Engineering, Lunghwa University of	<ul style="list-style-type: none"> • Chairman, Zhen-Long Investment Co., Ltd. • Chairman, Hongpai Industrial Co., Ltd. • Chairman, Chint Asset 	<ul style="list-style-type: none"> • Director, Min Aik Technology Co., Ltd. • Chairman, Zhen-Long Investment Co., Ltd. • Chairman, Hongpai Industrial 	Min Aik Technology Co., Ltd.

Title	Name	Number	Shareholding	Educational Background	Main Experience	Current Positions	Nomination
				Science and Technology	Management Co., Ltd.	Co., Ltd. • Chairman, Chint Asset Management Co., Ltd.	
Director	Min Aik Technology Co., Ltd. Representative : Tsai, Chen-Shan	1	27,682,910	Department of Shipbuilding, Institute of Technology, National Defense University	• Director, Min Aik Precision Industry Co., Ltd.	• Assistant Vice President, NPI Department of Min Aik Technology Co., Ltd. • Director, Mingyu Technology (Suzhou) Co., Ltd.	Min Aik Technology Co., Ltd.
Director	Min Aik Technology Co., Ltd. Representative : Wu, Shao-Hung	1	27,682,910	Department of Industrial Engineering and Management, Lunghwa University of Science and Technology	• Institutional Engineer Of Massoud & Bros. Co., Ltd.	• Senior Manager, NPI Department of Min Aik Technology Co., Ltd. • Senior Manager, Medical Devices Division of Min Aik Technology Co., Ltd.	Min Aik Technology Co., Ltd.
Independent Director	Chung, Kai-Hsun	A1205*** **	0	Master of Law, Taipei University	• Partner Lawyer of AY Commercial Law Offices • Lecturer, School of Law and Business, Soochow University • Lawyer of Ernst & Young Law Firm / Accounting Firm • Lawyer of Taiwan International Patent & Law Office • Staff of the Legal Affairs Office of the Trade Investigation Committee of the Ministry of Economic Affairs • Lawyer of RootLaw Firm	• Lawyer, Xinyi Office, AY Commercial Law Offices	Min Aik Technology Co., Ltd.
Independent Director	Sun, Chu-Wei	C1207*** **	0	• Bachelor of Accountancy, Tamkang University	• Assistant Professor, Accounting Department, Tamkang University • Auditor of RSM Taiwan	• Head of Baiqi Certified Public Accountants • Member of the Public Relations Committee of the	Min Aik Technology Co., Ltd.

Title	Name	Number	Shareholding	Educational Background	Main Experience	Current Positions	Nomination
					<ul style="list-style-type: none"> Deputy Leader of Audit Department of Deloitte 	<ul style="list-style-type: none"> Taipei Association of Accountants Independent Director of Taishan Enterprise Co., Ltd. Independent Director of YU FOONG INTERNATIONAL CORPORATION Supervisor of Tien Liang BioTech Co., Ltd. 	

Release of the Non-Competition Restrictions of Directors

Position	Name	Concurrent Position Held
Director Representative	Chien, Yi-Sen	<ul style="list-style-type: none"> • Chairman, CFP Technology Corporation • Chairman, Myson Century, Inc.
Director	Min Aik Precision Industrial Co., Ltd.	<ul style="list-style-type: none"> • Synergy Technology Industrial Co., Ltd. • Good Master Holding Co., Ltd.
Director Representative	Chia, Kin-Heng	<ul style="list-style-type: none"> • Chairman and CEO, Min Aik Technology Co., Ltd. • Director, Mingyu Technology (Suzhou) Co., Ltd. • Director, Geminnovative Technology Co., Ltd. • Director, Min Aik Technology USA Inc. • Director, Min Aik International Development Pte. Ltd. • Director, Min Aik Technology (M) Sdn. Bhd. • Director, MATC Technology Malaysia Sdn. Bhd. • Director, Map Technology Holdings Pte. Ltd. • Director, M&J Technologies Co., Ltd.
Director Representative	Chang, Lung-Ken	<ul style="list-style-type: none"> • Director, Min Aik Technology Co., Ltd.
Director Representative	Tsai, Chen-Shan	<ul style="list-style-type: none"> • Assistant Vice President, NPI Department of Min Aik Technology Co., Ltd. • Director, Mingyu Technology (Suzhou) Co., Ltd.
Director Representative	Wu, Shao-Hung	<ul style="list-style-type: none"> • Senior Manager, NPI Department of Min Aik Technology Co., Ltd. • Senior Manager, Medical Devices Division of Min Aik Technology Co., Ltd.
Independent Director	Chen, John-Sea	<ul style="list-style-type: none"> • Chairman and CEO of CMSC, Inc.

Articles of Incorporation

Chapter 1: General Provisions

- Article 1 The Company is incorporated pursuant to the regulations of the Company Act and is named "銘鈺精密工業股份有限公司" in Chinese and Min Aik Precision Industrial Co., Ltd. in English.
- Article 2 The Company's business items are as follows:
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.CN01010 Furniture and Fixtures Manufacturing
9.F401030 Manufacturing Export
10.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article2-1 The total amount of investment by the Company in other limited liability companies is not limited to the restrictions under Article 13 of the Company Act.
- Article2-2 The company may provide any entity with a guarantee.
- Article 3 The Company has its headquarters in Taoyuan City and may establish domestic and overseas branches as required through board resolutions.
- Article 4 The company's public announcements shall be handled in accordance with the Company Act.

Chapter 2: Shares

- Article 5 The Company's total capital is NT\$1 Billion, divided into 100,000,000 shares, at NT\$10 per share, which may be issued through several issuances.
- Article 6 Deleted.
- Article 7 All of the Company's shares are registered shares and shall be affixed with the signatures and seals of three or more directors and issued after legal certification. There is no obligation to print share certificates for the shares of the Company. However, registration shall be made with a securities custodian organization. The same shall be applicable to other securities.

Article 8 Share transfer shall be suspended during the period of 60 days before any general shareholders meeting, 30 days before any special shareholders meeting or 5 days before the record date for the distribution of dividend, bonus or other benefit by the Company.

Chapter 3: Shareholders' Meeting

Article 9 Shareholders meetings are divided into regular meetings and special meetings. Regular meetings are held once a year by the board of directors within 6 months from the end of each accounting year. Special meetings are held in accordance with the law as required.

Article 10 Any shareholder who cannot attend a shareholders meeting for any reason may issue a proxy printed by the Company, specifying the scope of authorization and affixed with its signature and seal, to designate a representative to attend the meeting on its behalf.
After the Company issues shares to the public, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies shall apply.

Article 11 Each shareholder of the Company is entitled to one voting right, except restricted shares or shares without voting rights in accordance with the second paragraph, Article 179 of the Company Act.

Article11-1 After the shares of the Company is listed in a stock exchange (over-the-counter market), the shareholders shall be allowed to exercise their voting rights in an electronic manner.

Article 12 Unless otherwise provided in the Company Act, shareholder resolutions shall be approved by shareholders representing the majority of voting rights attending a meeting that is attended by shareholders representing the majority of all outstanding shares.
Shareholder resolutions shall be recorded in minutes, with the signature or seal of the chairman of the meeting affixed thereon and Article 183 of the Company Act shall apply.

Article12-1 If the Company wishes to issue its shares publicly, it shall make a proposal for shareholders resolution. This clause shall not be amended during the listing period in the over-the-counter market and the stock exchange.

Chapter 4: Directors and Audit Committee

Article 13 The Company has 7 to 9 directors, to be elected from a list of candidates by the shareholders meeting under the system of candidate nomination system. Directors serve terms of 3 years and may be re-elected upon expiry of the term. The percentage of shares held by all directors shall be determined in accordance with the Company Act and the regulations of the securities competent authority.

- Article13-1 Among the number of directors under the previous Article, there shall be no less than 3 independent directors. The number of independent directors shall be no less than 1/5 of the total number of directors.
The professional qualifications, shareholding, restriction on serving other jobs, nomination and election manners and other compliance matters related to independent directors shall be in accordance with applicable regulations of the securities competent authority.
- Article13-2 The Company has an audit committee in accordance with Article 14-4 of the Securities Transaction Act, which is composed of all independent directors, to perform the duties of the supervisors in accordance with the Company Act, the Securities Transaction Act and other legislations.
- Article 14 The board of directors is organized by directors. A chairman shall be elected by the directors from among themselves to act as the Company's representative through the approval of the majority of directors attending a meeting that is attended by 2/3 of all directors.
- Article14-1 To convene a board meeting, a notice shall be given to each director 7 days in advance, with the agenda specified. However, in case of emergencies, board meetings may be held at any time.
The notice under the previous paragraph may be given in writing, by fax or by email.
- Article 15 When the chairman is on leave or cannot exercise his duties due to any reason, the representation shall be in accordance with Article 208 of the Company Act.
- Article15-1 Any director who cannot attend a board meeting for any reason may issue a proxy, specifying the scope of authorization, to designate another director to attend the meeting on his/her behalf. Each person shall act as the representative of no more than one other person.
Board meetings may be held through video conferences. Any director participating in a meeting through video conference shall be deemed to have attended the meeting in person.
- Article 16 The board of directors is authorized to determine the remuneration for the directors of the Company in accordance with level of directors' contribution to the operation of the Company and the common standard in the same industry.
- Article16-1 The Company may purchase liability insurance for the directors in order to protect the directors from potential legal liabilities that may occur in the course of performance of the directors' duties.

Chapter 5: Manager

Article 17 The company shall have managers whose appointment, dismissal, and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6: Accounting

Article 18 The board of directors shall prepare the following statements upon the completion of each accounting year:

1. Business reports;
2. Financial statements; and
3. Surplus distribution or loss off-setting proposals.

And submit them to the generation shareholders meeting for approval in accordance with the law.

Article 19 If the Company has profit in the year, 3% to 9% shall be provided as employees' compensation and no more than 3% as directors' compensation. However, if the Company has accumulated losses, the amount of compensation shall first be provided.

The employees entitled to shares or cash as remuneration under the previous paragraph shall include employees of the subsidiaries who meet certain conditions.

Article 20 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 10% of total dividend.

Article20-1 Deleted.

Chapter 7: Supplementary Provisions

Article 21 Matters not provided for in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 22 These Articles of Incorporation were set up on January 9, 2001.
The 1st amendment was made on June 30, 2002.
The 2nd amendment was made on May 9, 2003.
The 3rd amendment was made on July 2, 2003.
The 4th amendment was made on March 19, 2004.
The 5th amendment was made on March 19, 2004.
The 6th amendment was made on June 30, 2005.
The 7th amendment was made on March 22, 2006.
The 8th amendment was made on November 29, 2007.
The 9th amendment was made on June 7, 2011.
The 10st amendment was made on February 17, 2012.
The 11th amendment was made on November 16, 2012.
The 11th amendment was made on April 17, 2014.
The 11th amendment was made on May 20, 2015.
The 14th amendment was made on May 31, 2016.

Procedures for Election of Directors

3rd version approved by the shareholders meeting on May 31, 2016

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies.

Article 2 Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

Article 4 More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 5 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and

Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 6 Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified will be elected.

Article 7 The directors of the Company shall be elected under the single-nomination accumulated method. Each share shall be entitled the number of voting rights that is the same as the number of directors to be elected. The voting rights may be casted to elect one or more persons.

Article 8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9 The number of voting rights for independent directors and non-independent directors shall be calculated separately in accordance with the articles of association of the Company and the number of seats determined by board resolution. The elected persons shall be in the order of the number of voting rights received. If two or more persons receive the same number of voting rights and, as a result, the number of elected persons exceeds the number of seats available, a random draw shall be organized among the persons who have received the same number of votes. If any such person is not present, the chairman may participate in the random draw on such person's behalf.

Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of

the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 12 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number).
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
7. Two or more candidates are chosen in the same ballot.

Article 13 The votes shall be opened on site upon completion of voting. The chairman shall announce the results of the vote opening on site with the list of elected persons. The number of voting rights received by the elected persons shall be published.

Article 14 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Rules of Procedure for Shareholders Meetings

3rd version approved by shareholders meeting on May 31, 2016

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
Notice and public announcement of shareholders meetings shall be in accordance with the Company Act, the Securities Transaction Act and applicable regulations.
- Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
When the Company holds a shareholders meeting, voting rights shall be exercised in an electronic manner and may also be exercised in the written manner. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting

rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Votes shall be calculated in public on the site of the shareholders meeting. Voting results shall be reported on the site and recorded.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors

or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company shall make full audio or video recordings of shareholder meetings and keep such recordings for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation

on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

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

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that

percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Unless otherwise provided in the Company Act or the articles of association of the Company, voted resolutions shall be approved by shareholder representing the majority of voting rights in the meeting. At the time of voting, if the chairman seeks opinions and if there is no objection, it shall have the same effect as voting.

When a proposal is amended or substituted, the chairman shall combine the amended or substituted proposal into the original proposal to determine the order of voting. If one proposal is already approved, the other proposals shall be deemed rejected and there is no need for further voting.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Votes shall be calculated in public on the site of the shareholders meeting. Voting results shall be reported on the site and recorded.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information

under applicable laws or regulations or under Taiwan Stock Exchange Corporation or Taipei Exchange regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Status of Shares Held by Directors

1. Minimum number of shares to be held by all directors, and such number of shares held as recorded in the roster of shareholders

Title	Number of shares supposed to be held	Number of shares held at present
All directors	6,160,000	53,932,695

Note: The Company has issued 77,000,000 shares.

2. List of Number of Shares Held by Each Director

Title	Name	Number of shares held at present
Chairman	Beacon Investments Limited Representative: Jin, Bor-Shi	25,375,763
Director	Beacon Investments Limited Representative: Kuo, Yao-Wen	
Director	Fang, Kuang-Yi	874,022
Director	Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng	27,682,910
Independent Director	Liu, Chin-Tang	0
Independent Director	Kung, Tien-Hsing	0
Independent Director	Chen, John-Sea	0

Note: Period of cease of transfer: From March 17, 2020 to May 15, 2020