

Stock Code : 4545



銘鈺精密工業股份有限公司

Min Aik Precision Industrial Co., Ltd.

2024

Annual General Meeting

Meeting Handbook

【English translation】

Time : 9:00 a.m., Thursday, May 30, 2024

Venue : No. 3, Gongye 5th Rd., Guanyin Dist., Taoyuan City

Guanyin Industrial Park Service Center (3F Auditorium)

Meeting form : Physical shareholders meeting

Table of Contents

I 、 Meeting Agenda

1. Reported matters -----	2
2. Acknowledged matters -----	2
3. Questions and Motions-----	3
4. Adjournment-----	3

II 、 Attachment

1. 2023 Business report -----	4
2. 2023 Audit committee report -----	7
3. 2023 Financial statements -----	8
4. 2023 Earning s distribution table -----	23

III 、 Appendix

1. Articles of Incorporation -----	24
2. Rules of procedure for shareholders meetings-----	28
3. Status of shares held by directors -----	34

Min Aik Precision Industrial Co., Ltd.

Agenda of the 2024 Annual General Meeting

Time: 9:00 a.m., Thursday, May 30, 2024

Venue: No. 3, Gongye 5th Rd., Guanyin Dist., Taoyuan City

Guanyin Industrial Park Service Center (3F, Auditorium)

Meeting form : Physical shareholders meeting

Number of Shares Present:

Call to Order:

Chairperson Remarks:

I. Reported matters

1. 2023 business report
2. 2023 financial statements as reviewed by the audit committee
3. The distribution of employees' and directors' compensation in 2023

II. Acknowledged matters

1. 2023 business report and financial statements
2. 2023 earnings distribution plan

III. Questions and Motions

IV. Adjournment

I. Reported matters:

Proposal 1

Subject: The 2023 Business Report.

Explanation: The 2023 Business Report please refer to Attachment 1(Page 4-6).

Proposal 2

Subject: The 2023 Audit Committee Report.

Explanation: The 2023 Audit Committee Report please refer to Attachment 2 (Page 7).

Proposal 3

Subject: The distribution of employees' and directors' compensation in 2023.

Explanation: The employees' compensation and directors' compensation in 2023 was approved by the Board of Directors on March 7, 2024 and they are to be distributed in cash. The amounts are as follows:

1. Employees' compensation: NT\$ 8,320,842.
2. Directors' compensation: NT\$ 3,566,075.

II. Acknowledged matters:

Proposal 1 (Proposed by Board of Directors)

Subject: Adoption of the 2023 business report and financial statements.

Explanation:

1. The individual financial report and consolidated financial report of 2023 of the Company have been certified by Yu, Sheng-Ho and Cheng, An-Chih, 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 4-6) and Attachments 3 (page 8-22).
2. This proposal is hereby put forth for adoption.

Resolution:

Proposal 2 (Proposed by Board of Directors)

Subject: Adoption of the proposal for distribution of 2023 profits.

Explanation:

1. The Company's 2023 net income after tax was NT\$ 83,064,862, and the proposal for distribution of the 2023 profits in accordance with the Articles of Incorporation is hereby prepared. Please refer to Attachment 4 (Page 23) for details.
2. The proposed dividend to shareholders is NT\$1 per share. Upon approval by the Annual General 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 Chairman 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. Questions and Motions

IV. Adjournment

Min Aik Precision Industrial Co., Ltd.

2023 Business Report

In 2023, the rising global energy costs and high inflation resulted in a shrinkage in end demand, a sharp growth in raw material and labor costs, and an increase in overall economic uncertainty. The Company faced pressure from sluggish demand in the terminal market, slowing demand in both domestic and export markets and high-level inventory across the industry, contributing to a slowdown in the Company's overall growth trend.

Nevertheless, despite various variables and challenges such as war, inflation, and increases in interest rates, Min Aik Precision Industrial Co., Ltd. persisted in making continuous technological progress, successfully meeting customer needs, and actively expanding its business. As a result, the company maintained stable operating results throughout 2023. Looking ahead, Min Aik Precision Industrial Co., Ltd. will maintain its focus on its core business, fulfill its social responsibilities, enhance its technology research and development capabilities, and fully leverage the Group's comprehensive efficiency. This approach will enable us to continually generate high-value ideas, effectively respond to various challenges, and demonstrate sustainable competitive strength.

I. Operating policies and implementation overview

In 2023, as a whole, MAP's stamping business experienced a decline compared to the previous year due to weakened end-market demand and industrial inventory adjustment. However, the medical plastics and automation business held the line. Despite the rising labor and raw material costs in the market, the management team reduced the impact of rising costs through a business strategy focused on optimizing processes, reducing costs, and developing diversified businesses, and continued to generate profits in the year.

The consolidated net operating revenue is NT\$ 2,075,139 thousand dollars. Consolidated operating gross profit NT\$ 382,598 thousand dollars. Consolidated operating net income is NT\$ 87,533 thousand dollars. Consolidated net income (after tax) is NT\$ 83,065 thousand dollars. The consolidated after-tax earnings per share is NT\$ 1.08, and the net value per share is NT\$ 24.2.

II. Implementation achievements of the operating plan

Item	2023	2022
Operating Revenue	2,075,139	2,275,017
Operating Gross Profit	382,598	485,222
Operating profit/loss	87,533	166,756
Non-Operating Income and Expenses	30,386	55,362
Net income	83,065	161,828

III. Analysis of profitability

Item		2023	2022
Return on asset (%)		3.03	5.37
Return on equity (%)		4.42	8.96
Paid-in capital (%)	Operating Income	11.37	21.66
	Pre-tax Profit	15.31	28.85
Profit ratio (%)		4.00	7.11
Earnings per share (NT\$)		1.08	2.10

IV. Research and Development situations

A consistent operation pattern, integrating production, manufacturing, research and development, marketing, and management is employed in our precision metal stamping business. Additionally, a computer-aided engineering simulation design system is applied to bolster design and development, as well as production competitiveness. Furthermore, we are continuously undertaking the development and implementation of automated machines to enhance our product competitiveness. In the medical plastics business, Min Aik Precision Industrial Co., Ltd. invests in automated inspection equipment to reduce production costs, improve product quality, and increase production efficiency. Leveraging existing excellent mold opening capabilities and clean room capacity, the company also develops other non-medical products to expand product diversity. In the automation business, Min Aik Precision Industrial Co., Ltd. continues to make progress in response to the ever-changing development and innovation needs within the industry. The company continuously expands the range and depth of its business in diverse manners and grasps change and opportunities of design trends to enhance both design and mass production capacity.

To provide high-quality products and services and meet customer needs, Min Aik Precision Industrial Co., Ltd. integrates the aforementioned three main

businesses through the utilization of group resources. We are continuously investing in innovation and research and development to create high-value technical services, driving success in our existing business operations.

In the face of global economic uncertainty, in the future, in addition to continuously expanding business and pursuing performance growth, we will focus on improving profitability through various management and technical improvements and continue to actively invest in the development of ESG, create sustainable business value in both internal and external aspects, and establish a good corporate culture to meet the expectations of all stakeholders.

Min Aik Precision Industrial Co., Ltd.

Audit report issued by Audit Committee for 2023

The individual financial report and consolidated financial report of 2023 of the company, which were prepared by its Board of Directors, have been certified by Yu, Sheng-Ho and Cheng, An-Chih, 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:

2024 Annual General Meeting of Min Aik Precision Industrial Co., Ltd.

Convener of Audit Committee: Sun, Chu-Wei

March 7, 2024



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

【Attachment 3】

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Min Aik Precision Industrial Co., Ltd. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the year ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Investments accounted for using equity method

Please refer to Notes 4(h) “Investment in subsidiaries” of the notes to financial statement for the accounting policies on investment in associates.

Description of key audit matter:

The subsidiaries that accounted for using equity method, revenue recognition and inventory valuation are material to the parent company only financial statements. The abovementioned valuation may have significant impact to the Company's operating results. Therefore, the revenue recognition and inventory valuation are considered to be the key audit matters.

How the matter was addressed in our audit:

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu, Sheng-Ho and Cheng, An-Chih.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

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.

Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to parent company only financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(n) and 7)	\$ 1,056,436	101	1,215,935	101
4170	Less: Sales returns and allowances	<u>10,462</u>	<u>1</u>	<u>12,369</u>	<u>1</u>
	Net operating revenue	1,045,974	100	1,203,566	100
5111	Operating costs (notes 6(c), (i), (j), (o), 7 and 12):	<u>906,272</u>	<u>87</u>	<u>1,017,888</u>	<u>85</u>
	Gross profit from operations	<u>139,702</u>	<u>13</u>	<u>185,678</u>	<u>15</u>
	Operating expenses (notes 6(b), (i), (j), (o), 7 and 12):				
6100	Selling expenses	25,732	2	38,673	3
6200	Administrative expenses	96,619	9	108,025	9
6300	Research and development expenses	14,049	1	21,204	2
6450	Impairment loss determined in accordance with IFRS 9	<u>(555)</u>	<u>-</u>	<u>337</u>	<u>-</u>
	Total operating expenses	<u>135,845</u>	<u>12</u>	<u>168,239</u>	<u>14</u>
	Net operating losses income	<u>3,857</u>	<u>1</u>	<u>17,439</u>	<u>1</u>
	Non-operating income and expenses (notes 6(d), (e), (i), (p) and 7):				
7100	Interest income	1,810	-	408	-
7010	Other income	12,378	1	13,504	1
7020	Other gains and losses, net	4,900	-	45,954	4
7050	Finance costs	(13,271)	(1)	(8,915)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>97,308</u>	<u>9</u>	<u>134,886</u>	<u>11</u>
		<u>103,125</u>	<u>9</u>	<u>185,837</u>	<u>15</u>
7900	Profit before tax income	106,982	10	203,276	16
7950	Less: Income tax expenses (note 6(k))	<u>23,917</u>	<u>2</u>	<u>41,448</u>	<u>3</u>
	Net profit	<u>83,065</u>	<u>8</u>	<u>161,828</u>	<u>13</u>
8300	Other comprehensive income (loss):				
8310	Item that may not be reclassified subsequently to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(j))	<u>(6,730)</u>	<u>-</u>	<u>5,822</u>	<u>1</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>4,116</u>	<u>-</u>	<u>71,183</u>	<u>6</u>
8300	Other comprehensive income (loss), net of income tax	<u>(2,614)</u>	<u>-</u>	<u>77,005</u>	<u>7</u>
	Total comprehensive income (loss)	<u>\$ 80,451</u>	<u>8</u>	<u>238,833</u>	<u>20</u>
9750	Basic earnings per share (NT dollars) (note 6(m))	<u>\$ 1.08</u>		<u>2.10</u>	
9850	Diluted earnings per share (NT dollars) (note 6(m))	<u>\$ 1.07</u>		<u>2.09</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.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Other equity interest</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>	<u>Total equity</u>
Balance on January 1, 2022	\$ 770,000	654,335	235,414	83,335	91,079	(120,864)	1,713,299
Profit	-	-	-	-	161,828	-	161,828
Other comprehensive income (loss)	-	-	-	-	5,822	71,183	77,005
Total comprehensive income (loss)	-	-	-	-	167,650	71,183	238,833
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	8,999	-	(8,999)	-	-
Special reserve appropriated	-	-	-	36,618	(36,618)	-	-
Cash dividends on ordinary share	-	-	-	-	(42,350)	-	(42,350)
Cash dividends from capital surplus	-	(11,550)	-	-	-	-	(11,550)
Balance on December 31, 2022	<u>770,000</u>	<u>642,785</u>	<u>244,413</u>	<u>119,953</u>	<u>170,762</u>	<u>(49,681)</u>	<u>1,898,232</u>
Profit	-	-	-	-	83,065	-	83,065
Other comprehensive income (loss)	-	-	-	-	(6,730)	4,116	(2,614)
Total comprehensive income (loss)	-	-	-	-	76,335	4,116	80,451
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	16,765	-	(16,765)	-	-
Reversal of special reserve	-	-	-	(70,272)	70,272	-	-
Cash dividends on ordinary share	-	-	-	-	(115,500)	-	(115,500)
Balance on December 31, 2023	<u>\$ 770,000</u>	<u>642,785</u>	<u>261,178</u>	<u>49,681</u>	<u>185,104</u>	<u>(45,565)</u>	<u>1,863,183</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.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 106,982	203,276
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amortization expense	77,268	64,328
Expected credit (gain) loss	(555)	337
Interest expense	13,271	8,915
Interest income	(1,810)	(408)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(97,308)	(134,886)
(Gain) loss on disposal or retirement of property, plant and equipment	(2,697)	386
Property, plant and equipment transferred to expenses	-	880
Impairment (gain) loss on non-financial assets	(157)	6,003
Total adjustments to reconcile profit (loss)	<u>(11,988)</u>	<u>(54,445)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	29,124	57,851
Inventories	41,023	(70,278)
Other current assets	79,553	(71,419)
Other operating assets	(2,393)	(667)
Total changes in operating assets	<u>147,307</u>	<u>(84,513)</u>
Changes in operating liabilities:		
Accounts payable	15,163	(111,038)
Other current liabilities	(10,208)	9,380
Total changes in operating liabilities	<u>4,955</u>	<u>(101,658)</u>
Total changes in operating assets and liabilities	<u>152,262</u>	<u>(186,171)</u>
Total adjustments	<u>140,274</u>	<u>(240,616)</u>
Cash inflow from (used in) operations	247,256	(37,340)
Interest received	1,763	408
Interest paid	(13,316)	(8,630)
Income taxes paid	(17,318)	(2,187)
Net cash flows from (used in) operating activities	<u>218,385</u>	<u>(47,749)</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of investments accounted for using equity method	-	59,894
Cash dividends from investment accounted for using equity method	218,829	-
Acquisition of property, plant and equipment	(46,581)	(85,496)
Proceeds from disposal of property, plant and equipment	3,104	-
Decrease in refundable deposits	640	1,546
Increase in other non-current assets	-	(105)
Net cash flows from (used in) investing activities	<u>175,992</u>	<u>(24,161)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowing	730,000	472,740
Decrease in short-term borrowing	(810,000)	(378,100)
Repayments of long-term borrowing	(64,000)	(64,000)
Payment of lease liabilities	(59)	(114)
Cash dividends paid	(115,500)	(53,900)
Net cash flows used in financing activities	<u>(259,559)</u>	<u>(23,374)</u>
Net increase (decrease) in cash and cash equivalents	<u>134,818</u>	<u>(95,284)</u>
Cash and cash equivalents at beginning of period	<u>131,728</u>	<u>227,012</u>
Cash and cash equivalents at end of period	<u><u>\$ 266,546</u></u>	<u><u>131,728</u></u>

See accompanying notes to parent company only financial statements.



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Min Aik Precision Industrial Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 and 2022 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Inventory Valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

Min Aik Precision Industrial Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Yu, Sheng-Ho and Cheng, An-Chih.

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022								
		Amount	%	Amount	%			Amount	%	Amount	%							
Current assets:																		
1100	Cash and cash equivalents (note 6(a))	\$	913,450	30	683,529	21	2100	Short-term borrowings (note 6(g))	\$	230,000	8	310,000	10					
1170	Notes and accounts receivable, net (notes 6(b) and (n))		297,308	10	458,296	14	2170	Accounts payable (include related parties) (note 7)		199,890	7	168,375	5					
1181	Accounts receivable from related parties (notes 6(b), (n) and 7)		96,235	3	69,070	2	2201	Salary and wages payable		138,276	5	162,451	5					
1310	Inventories (note 6(c))		428,076	14	595,637	18	2230	Current income tax liabilities		69,451	2	25,251	1					
1479	Other current assets (notes 7 and 8)		39,298	1	113,193	4	2280	Current lease liabilities (note 6(i))		12,964	-	12,901	-					
			1,774,367	58	1,919,725	59	2300	Other current liabilities (note 7)		130,165	4	165,963	5					
Non-current assets:												2322	Long-term borrowings, current portion (notes 6(h) and 8)		164,000	5	64,000	2
1551	Investments accounted for using equity method (note 6(d))		-	-	11,650	-				944,746	31	908,941	28					
1600	Property, plant and equipment (notes 6(e), 7, 8 and 9)		1,133,022	37	1,172,246	36	Non-Current liabilities:											
1755	Right-of-use assets (note 6(f))		105,544	3	120,404	4	2541	Long-term borrowings (notes 6(h) and 8)		126,000	4	290,000	9					
1995	Other non-current assets (notes 6(j) and (k))		51,363	2	56,529	1	2570	Deferred tax liabilities (note 6(k))		42,807	1	83,416	2					
			1,289,929	42	1,360,829	41	2580	Non-current lease liabilities (note 6(i))		87,560	3	99,965	3					
													256,367	8	473,381	14		
													1,201,113	39	1,382,322	42		
												Total liabilities						
												Equity attributable to owners of parent (note 6(l)):						
												3110	Ordinary share		770,000	24	770,000	23
												3200	Capital surplus		642,785	21	642,785	20
												3310	Legal reserve		261,178	9	244,413	7
												3320	Special reserve		49,681	2	119,953	4
												3350	Unappropriated retained earnings		185,104	6	170,762	5
												3410	Exchange differences on translation of foreign financial statements		(45,565)	(1)	(49,681)	(1)
												Total equity			1,863,183	61	1,898,232	58
Total assets		\$	3,064,296	100	3,280,554	100	Total liabilities and equity		\$	3,064,296	100	3,280,554	100					

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(n) and 7)	\$ 2,088,094	101	2,289,571	101
4170	Less: Sales returns and allowances	<u>12,955</u>	<u>1</u>	<u>14,554</u>	<u>1</u>
	Net operating revenue	2,075,139	100	2,275,017	100
5111	Operating costs (notes 6(c), (i), (j), (o), 7 and 12)	<u>1,692,541</u>	<u>82</u>	<u>1,789,795</u>	<u>79</u>
	Gross profit from operations	<u>382,598</u>	<u>18</u>	<u>485,222</u>	<u>21</u>
	Operating expenses (notes 6(b), (i), (j), (o), 7 and 12):				
6100	Selling expenses	76,219	4	94,445	4
6200	Administrative expenses	172,166	8	178,361	8
6300	Research and development expenses	49,208	2	57,206	3
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	<u>(2,528)</u>	<u>-</u>	<u>(11,546)</u>	<u>(1)</u>
	Total operating expenses	<u>295,065</u>	<u>14</u>	<u>318,466</u>	<u>14</u>
	Net operating income	<u>87,533</u>	<u>4</u>	<u>166,756</u>	<u>7</u>
	Non-operating income and expenses (notes 6(d), (e), (i), (p) and 7):				
7100	Interest income	14,688	1	4,155	-
7010	Other income	24,678	1	24,146	2
7020	Other gains and losses, net	21,052	1	57,778	3
7050	Finance costs	(18,637)	(1)	(12,064)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	<u>(11,395)</u>	<u>-</u>	<u>(18,653)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>30,386</u>	<u>2</u>	<u>55,362</u>	<u>3</u>
7900	Profit before income tax	<u>117,919</u>	<u>6</u>	<u>222,118</u>	<u>10</u>
7950	Less: Income tax expenses (note 6(k))	<u>34,854</u>	<u>2</u>	<u>60,290</u>	<u>3</u>
	Net profit	<u>83,065</u>	<u>4</u>	<u>161,828</u>	<u>7</u>
8300	Other comprehensive income (loss):				
8310	Item that may not be reclassified subsequently to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(j))	<u>(6,730)</u>	<u>-</u>	<u>5,822</u>	<u>-</u>
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>4,116</u>	<u>-</u>	<u>71,183</u>	<u>3</u>
8300	Other comprehensive income (loss), net of income tax	<u>(2,614)</u>	<u>-</u>	<u>77,005</u>	<u>3</u>
	Total comprehensive income (loss)	<u>\$ 80,451</u>	<u>4</u>	<u>238,833</u>	<u>10</u>
	Net profit, attributable to:				
	Owners of parent	<u>\$ 83,065</u>	<u>4</u>	<u>161,828</u>	<u>7</u>
	Total comprehensive income (loss) attributable to:				
	Owners of parent	<u>\$ 80,451</u>	<u>4</u>	<u>238,833</u>	<u>10</u>
9750	Basic earnings per share (NT dollars) (note 6(m))	<u>\$ 1.08</u>		<u>2.10</u>	
9850	Diluted earnings per share (NT dollars) (note 6(m))	<u>\$ 1.07</u>		<u>2.09</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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest		
	Share capital	Retained earnings				Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2022	\$ 770,000	654,335	235,414	83,335	91,079	(120,864)	1,713,299	1,713,299
Profit	-	-	-	-	161,828	-	161,828	161,828
Other comprehensive income (loss)	-	-	-	-	5,822	71,183	77,005	77,005
Total comprehensive income (loss)	-	-	-	-	167,650	71,183	238,833	238,833
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	8,999	-	(8,999)	-	-	-
Special reserve appropriated	-	-	-	36,618	(36,618)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(42,350)	-	(42,350)	(42,350)
Cash dividends from capital surplus	-	(11,550)	-	-	-	-	(11,550)	(11,550)
Balance at December 31, 2022	<u>770,000</u>	<u>642,785</u>	<u>244,413</u>	<u>119,953</u>	<u>170,762</u>	<u>(49,681)</u>	<u>1,898,232</u>	<u>1,898,232</u>
Profit	-	-	-	-	83,065	-	83,065	83,065
Other comprehensive income (loss)	-	-	-	-	(6,730)	4,116	(2,614)	(2,614)
Total comprehensive income (loss)	-	-	-	-	76,335	4,116	80,451	80,451
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	16,765	-	(16,765)	-	-	-
Reversal of special reserve	-	-	-	(70,272)	70,272	-	-	-
Cash dividends on ordinary share	-	-	-	-	(115,500)	-	(115,500)	(115,500)
Balance at December 31, 2023	<u>\$ 770,000</u>	<u>642,785</u>	<u>261,178</u>	<u>49,681</u>	<u>185,104</u>	<u>(45,565)</u>	<u>1,863,183</u>	<u>1,863,183</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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 117,919	222,118
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amortization expense	120,535	104,274
Expected credit gain	(2,528)	(11,546)
Interest expense	18,637	12,064
Interest income	(14,688)	(4,155)
Share of loss of associates and joint ventures accounted for using equity method	11,395	18,653
(Gain) loss on disposal of property, plant and equipment	(2,929)	23
Property, plant and equipment transferred to expenses	1,697	880
Impairment (gain) loss on non-financial assets	(157)	6,003
Others	(13)	(4,412)
Total adjustments to reconcile profit	<u>131,949</u>	<u>121,784</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable (include related parties)	136,351	(8,821)
Inventories	158,455	(140,048)
Other current assets	73,368	(63,476)
Other operating assets	(2,393)	(667)
Total changes in operating assets	<u>365,781</u>	<u>(213,012)</u>
Changes in operating liabilities:		
Accounts payable (include related parties)	31,515	(135,961)
Other current liabilities	(42,471)	20,783
Total changes in operating liabilities	<u>(10,956)</u>	<u>(115,178)</u>
Total changes in operating assets and liabilities	<u>354,825</u>	<u>(328,190)</u>
Total adjustments	<u>486,774</u>	<u>(206,406)</u>
Cash inflow generated from operations	604,693	15,712
Interest received	15,121	3,675
Interest paid	(18,682)	(11,779)
Income taxes paid	(31,729)	(15,310)
Net cash flows from (used in) operating activities	<u>569,403</u>	<u>(7,702)</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(66,778)	(117,003)
Proceeds from disposal of property, plant and equipment	3,343	402
(Increase) decrease in refundable deposits	(4,823)	3,951
Increase in other non-current assets	-	(105)
Net cash flows used in investing activities	<u>(68,258)</u>	<u>(112,755)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowing	730,000	472,740
Decrease in short-term borrowing	(810,000)	(378,100)
Repayments of long-term borrowing	(64,000)	(64,000)
Payment of lease liabilities	(12,681)	(14,344)
Cash dividends paid	(115,500)	(53,900)
Net cash flows used in financing activities	<u>(272,181)</u>	<u>(37,604)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>957</u>	<u>51,083</u>
Net increase (decrease) in cash and cash equivalents	<u>229,921</u>	<u>(106,978)</u>
Cash and cash equivalents at beginning of period	<u>683,529</u>	<u>790,507</u>
Cash and cash equivalents at end of period	<u>\$ 913,450</u>	<u>683,529</u>

Min Aik Precision Industrial Co., Ltd.**2023 Earnings distribution statement**

Unit: NT\$

Item	Amount
Undistributed profit at start of period	108,769,097
Less: Variation following re-evaluation of confirmed welfare plan	(6,729,448)
Plus: Net profit after tax for the current period	83,064,862
Plus: Special surplus reserve	4,115,847
Less: Legal reserve	(7,633,541)
Accumulated distributable earnings	181,586,817
Allocation items in this period	
Less: Cash dividends (NT\$ 1.5 per share)	(77,000,000)
Undistributed earnings at the end of the period	104,586,817

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. CB01010 Machinery and Equipment Manufacturing
 9. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
 10. CC01080 Electronic Parts and Components Manufacturing
 11. CN01010 Furniture and Fixtures Manufacturing
 12. F401030 Manufacturing Export
 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- 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 shareholder 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 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 shall also be provided in accordance with the law as required. The rest shall be used to distribute dividend. If there is any profit remaining, it shall be combined with the undistributed profit in the beginning of the period, subject to a dividend distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution for distribution.

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

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.

The 15th amendment was made on May 15, 2020.

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	54,354,763

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	Min Aik Technology Co., Ltd. Representative: Chia, Kin-Heng	29,857,000
Director	Min Aik Technology Co., Ltd. Representative: Yang, Hung-Jen	
Director	Min Aik Technology Co., Ltd. Representative: Sun, Te-Wen	
Director	Beacon Investments Limited Representative: Kuo, Yao-Wen	24,497,763
Independent Director	Chen, John-Sea	0
Independent Director	Sun, Chu-Wei	0
Independent Director	Chung, Kai-Hsun	0

Note: Book closure date: April 1, 2024