

**MIN AIK TECHNOLOGY CO., LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of MIN AIK TECHNOLOGY CO., LTD. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, MIN AIK TECHNOLOGY CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: MIN AIK TECHNOLOGY CO., LTD.
Chairman: CHIA KIN HENG
Date: March 18, 2021



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Min Aik Technology Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended 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”), interpretations 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.

1. Revenue recognition

Please refer to Note 4(n) “Revenue” of the consolidated financial statements.

Revenue recognition is one of the key judgmental areas for our audit, particularly in respect of the revenue are recognized based on the transaction terms with clients, also considering the large volume of transaction and comes from different operation sites.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied; testing the Group's controls surrounding revenue recognition, including corroborating the orders from clients, the proof of shipment, and receipt documents by clients; sampling the sales transaction between the reported date, exam the external document to evaluate whether the sales recognition is appropriate.

2. Evaluation of inventory

Please refer to Note 4(h) "Inventory" and Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the manufacture of hard disk drive components. As different series or models of electronic products are rapidly being replaced by trendy ones, it may affect the inventory of the outdated ones to be slow-moving, or worse yet, stagnation, thus, the fact may result the cost of inventory to be higher than the net realized value. The net realized value of evaluation of inventory is based on the judgement by management of the group. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item and comparing the aging of inventory, understanding the origin price for estimate the net realized value, evaluating either the calculation for lower of cost or net realized value is reasonable, and inspecting the inventory sales status subsequent to the reporting date.

3. Impairment of property, plant and equipment

Please refer to Note 4(m) " Impairment— non-financial assets" , and Note 5(b) " Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

The Group is involved in a high capital expenditure industry, wherein maintaining a certain level of capacity to fulfill client's needs. Furthermore, its market environment is highly competitive, in which is necessary for the Group to reduce the price of its product to stay competitive. Therefore, the Company might face asset impairment while the market is in downturn. The inclusion of the assessment for impairment, such as identifying CGU, determining assessment methods, assessing key assumptions, and calculating recoverable amounts, is based on the judgement by the management of the Group and is a highly uncertain accounting estimation. Therefore, this whole matter needed to be taken into a serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included: evaluating the appropriateness of impairment of CGU and impairment identified by the management, and assessing the testing assets to determine whether or not it has been completed; obtaining the valuation form of asset impairments provided by the management and evaluating its appropriateness, which included the realization on the financial forecast and the calculation of recoverable amounts; checking the discount factors of the present value of discounted cash flow forecasted based on the documents, such as the weighted average cost of capital, the forecasted sales volume, the market price, as well as the relevant costs and expenses. We applied the sensitivity analysis to the discount rate in order to understand the impact of the changes in key assumptions on the recoverable amounts; assessing the appropriateness of the provision for impairment assessment on property, plant and equipment provided by the management will be based on subsequent events.

Other Matter

The Group has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified 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 auditor's 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 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Jhen-Chian Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 18, 2021

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

| | | December 31, 2020 | | December 31, 2019 | | | | December 31, 2020 | | December 31, 2019 | |
|----------------------------|---|---------------------|------------|-------------------|------------|-------------------------------------|---|---------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Assets | | | | | | Liabilities and Equity | | | | | |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | \$ 910,502 | 19 | 598,845 | 11 | 2100 | Short-term borrowings (note 6(j)) | \$ 543,900 | 12 | 590,473 | 11 |
| 1110 | Current financial assets at fair value through profit or loss (note 6(b)) | - | - | 6,529 | - | 2170 | Trade payable | 442,067 | 9 | 719,077 | 13 |
| 1170 | Notes and trade, net (note 6(c)) | 815,942 | 18 | 1,286,054 | 24 | 2180 | Trade payable to related parties (note 7) | 131,435 | 3 | 154,472 | 3 |
| 1180 | Notes and trade receivable due from related parties, net (notes 6(c) and 7) | 19,034 | - | 10,520 | - | 2201 | Wages and salaries payable | 91,555 | 2 | 85,821 | 2 |
| 1200 | Other receivables, net (notes 7 and 8) | 146,556 | 3 | 87,937 | 2 | 2280 | Current lease liabilities (note 6(l)) | 10,257 | - | 52,421 | 1 |
| 130X | Inventories (note 6(d)) | 674,827 | 15 | 1,098,647 | 20 | 2322 | Long-term borrowings, current portion (note 6(k)) | 15,025 | - | 15,025 | - |
| 1470 | Other current assets (note 6(h)) | 95,934 | 2 | 130,940 | 2 | 2300 | Other current liabilities | 226,373 | 5 | 224,784 | 4 |
| | | <u>2,662,795</u> | <u>57</u> | <u>3,219,472</u> | <u>59</u> | | | <u>1,460,612</u> | <u>31</u> | <u>1,842,073</u> | <u>34</u> |
| Non-current assets: | | | | | | Non-Current liabilities: | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (note 6(b)) | 345,373 | 7 | 229,969 | 4 | 2540 | Long-term borrowings (note 6(k)) | 90,153 | 2 | 105,179 | 2 |
| 1517 | Non-current financial assets at fair value through other comprehensive income (note 6(e)) | 93,775 | 2 | 102,113 | 2 | 2570 | Deferred tax liabilities (note 6(n)) | 192,912 | 4 | 204,275 | 4 |
| 1550 | Investments accounted for using equity method (note 6(f)) | 642,760 | 14 | 621,165 | 11 | 2580 | Non-current lease liabilities (note 6(l)) | 26,260 | 1 | 27,766 | 1 |
| 1600 | Property, plant and equipment (notes 6(g) and 7) | 788,710 | 17 | 1,061,978 | 20 | 2600 | Other non-current liabilities (note 6(m)) | 14,915 | - | 20,414 | - |
| 1755 | Right-of-use assets (note 6(i)) | 75,443 | 2 | 120,310 | 2 | | | <u>324,240</u> | <u>7</u> | <u>357,634</u> | <u>7</u> |
| 1840 | Deferred tax assets (note 6(o)) | 35,063 | 1 | 36,351 | 1 | | Total liabilities | <u>1,784,852</u> | <u>38</u> | <u>2,199,707</u> | <u>41</u> |
| 1900 | Other non-current assets (note 6(h)) | 27,740 | - | 42,542 | 1 | | Equity attributable to owners of parent (note 6(o)): | | | | |
| | | <u>2,008,864</u> | <u>43</u> | <u>2,214,428</u> | <u>41</u> | 3100 | Capital stock | <u>1,375,632</u> | <u>29</u> | <u>1,393,616</u> | <u>26</u> |
| | | | | | | 3200 | Capital surplus | <u>1,689,415</u> | <u>36</u> | <u>1,748,231</u> | <u>32</u> |
| | | | | | | | Retained earnings: | | | | |
| | | | | | | 3310 | Legal reserve | 163,718 | 4 | 821,041 | 15 |
| | | | | | | 3320 | Special reserve | 570,199 | 12 | 570,199 | 10 |
| | | | | | | 3350 | Accumulated deficit | (248,846) | (5) | (657,323) | (12) |
| | | | | | | | | <u>485,071</u> | <u>11</u> | <u>733,917</u> | <u>13</u> |
| | | | | | | 3400 | Other equity | (710,107) | (15) | (641,728) | (12) |
| | | | | | | 3500 | Treasury shares | - | - | (76,800) | (1) |
| | | | | | | | Equity attributable to owners of parent | <u>2,840,011</u> | <u>61</u> | <u>3,157,236</u> | <u>58</u> |
| | | | | | | 36XX | Non-controlling interests | <u>46,796</u> | <u>1</u> | <u>76,957</u> | <u>1</u> |
| | | | | | | | Total equity | <u>2,886,807</u> | <u>62</u> | <u>3,234,193</u> | <u>59</u> |
| Total assets | | <u>\$ 4,671,659</u> | <u>100</u> | <u>5,433,900</u> | <u>100</u> | Total liabilities and equity | | <u>\$ 4,671,659</u> | <u>100</u> | <u>5,433,900</u> | <u>100</u> |

See accompanying notes to financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

| | | <u>2020</u> | | <u>2019</u> | |
|------|---|---------------------|------------|------------------|-------------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Operating revenues (notes 6(q) and 7) | \$ 3,889,506 | 100 | 5,404,679 | 100 |
| 5000 | Operating costs (notes 6(d), 7 and 12) | <u>3,630,248</u> | <u>93</u> | <u>5,263,378</u> | <u>97</u> |
| | Gross profit from operations | <u>259,258</u> | <u>7</u> | <u>141,301</u> | <u>3</u> |
| | Operating expenses (notes 6(c), 7 and 12): | | | | |
| 6100 | Selling expenses | 142,005 | 4 | 172,361 | 3 |
| 6200 | Administrative expenses | 237,696 | 6 | 269,627 | 5 |
| 6300 | Research and development expenses | 157,319 | 4 | 190,529 | 4 |
| 6450 | Impairment loss determined in accordance with IFRS 9 | <u>1,060</u> | <u>-</u> | <u>2,148</u> | <u>-</u> |
| | Total operating expenses | <u>538,080</u> | <u>14</u> | <u>634,665</u> | <u>12</u> |
| | Net operating loss | <u>(278,822)</u> | <u>(7)</u> | <u>(493,364)</u> | <u>(9)</u> |
| | Non-operating income and expenses (notes 6(f), (t) and 7): | | | | |
| 7010 | Other income | 38,594 | 1 | 48,466 | 1 |
| 7020 | Other gains and losses | (23,641) | (1) | (91,595) | (2) |
| 7050 | Finance costs | (10,127) | - | (13,376) | - |
| 7060 | Share of loss of associates accounted for using equity method | <u>12,010</u> | <u>-</u> | <u>(16,565)</u> | <u>-</u> |
| | Total non-operating income and expenses | <u>16,836</u> | <u>-</u> | <u>(73,070)</u> | <u>(1)</u> |
| | Loss before tax | (261,986) | (7) | (566,434) | (10) |
| 7950 | Less: Tax expenses (note 6(n)) | <u>19,645</u> | <u>-</u> | <u>(94,545)</u> | <u>(2)</u> |
| | Loss | <u>(281,631)</u> | <u>(7)</u> | <u>(471,889)</u> | <u>(8)</u> |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Losses (gain) on remeasurements of defined benefit plans | 5,464 | - | (1,681) | - |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income | (8,338) | - | (34,653) | (1) |
| 8320 | Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified | <u>(97)</u> | <u>-</u> | <u>427</u> | <u>-</u> |
| | Items that may not be reclassified subsequently to profit or loss | <u>(2,971)</u> | <u>-</u> | <u>(35,907)</u> | <u>(1)</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation | (75,057) | (2) | (34,940) | (1) |
| 8399 | Income tax related to components of other comprehensive income that may be reclassified to profit or loss | <u>12,273</u> | <u>-</u> | <u>(2,782)</u> | <u>-</u> |
| | Items that may be reclassified subsequently to profit or loss | <u>(62,784)</u> | <u>(2)</u> | <u>(37,722)</u> | <u>(1)</u> |
| 8300 | Other comprehensive income (loss) | <u>(65,755)</u> | <u>(2)</u> | <u>(73,629)</u> | <u>(2)</u> |
| | Total comprehensive loss | <u>\$ (347,386)</u> | <u>(9)</u> | <u>(545,518)</u> | <u>(10)</u> |
| | Loss, attributable to: | | | | |
| | Loss, attributable to owners of parent | \$ (254,213) | (6) | (366,588) | (6) |
| | Loss, attributable to non-controlling interests | <u>(27,418)</u> | <u>(1)</u> | <u>(105,301)</u> | <u>(2)</u> |
| | | <u>\$ (281,631)</u> | <u>(7)</u> | <u>(471,889)</u> | <u>(8)</u> |
| | Comprehensive income (loss) attributable to: | | | | |
| | Comprehensive income (loss), attributable to owners of parent | \$ (317,225) | (8) | (439,371) | (8) |
| | Comprehensive income (loss), attributable to non-controlling interests | <u>(30,161)</u> | <u>(1)</u> | <u>(106,147)</u> | <u>(2)</u> |
| | | <u>\$ (347,386)</u> | <u>(9)</u> | <u>(545,518)</u> | <u>(10)</u> |
| | Basic loss per share (NT dollars) (note 6(p)) | <u>\$ (1.85)</u> | | <u>(2.66)</u> | |

See accompanying notes to financial statements.

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | | Non-controlling interests | Total equity |
|--|---|------------------|----------------|-----------------|--|-------------------------|---|--|-----------------------------|-----------------|---|---------------------------|------------------|
| | Share capital | | | | | Retained earnings | | Other equity | | Treasury shares | Total equity attributable to owners of parent | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficit) | Total retained earnings | Exchange differences on translation of foreign financial statements | Unrealized loss from investments in equity instruments measured at fair value through other comprehensive income | Total other equity interest | | | | |
| Balance at January 1, 2019 | \$ 1,393,616 | 1,748,231 | 821,041 | 612,003 | (331,285) | 1,101,759 | (569,152) | (1,047) | (570,199) | (76,800) | 3,596,607 | 183,104 | 3,779,711 |
| Loss | - | - | - | - | (366,588) | (366,588) | - | - | - | - | (366,588) | (105,301) | (471,889) |
| Other comprehensive income | - | - | - | - | (1,254) | (1,254) | (36,876) | (34,653) | (71,529) | - | (72,783) | (846) | (73,629) |
| Total comprehensive income | - | - | - | - | (367,842) | (367,842) | (36,876) | (34,653) | (71,529) | - | (439,371) | (106,147) | (545,518) |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Reversal of special reserve | - | - | - | (41,804) | 41,804 | - | - | - | - | - | - | - | - |
| Balance at December 31, 2019 | 1,393,616 | 1,748,231 | 821,041 | 570,199 | (657,323) | 733,917 | (606,028) | (35,700) | (641,728) | (76,800) | 3,157,236 | 76,957 | 3,234,193 |
| Loss | - | - | - | - | (254,213) | (254,213) | - | - | - | - | (254,213) | (27,418) | (281,631) |
| Other comprehensive income | - | - | - | - | 5,367 | 5,367 | (60,041) | (8,338) | (68,379) | - | (63,012) | (2,743) | (65,755) |
| Total comprehensive income | - | - | - | - | (248,846) | (248,846) | (60,041) | (8,338) | (68,379) | - | (317,225) | (30,161) | (347,386) |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve used to offset accumulated deficits | - | - | (657,323) | - | 657,323 | - | - | - | - | - | - | - | - |
| Retirement of treasury share | (17,984) | (58,816) | - | - | - | - | - | - | - | 76,800 | - | - | - |
| Balance at December 31, 2020 | \$ 1,375,632 | 1,689,415 | 163,718 | 570,199 | (248,846) | 485,071 | (666,069) | (44,038) | (710,107) | - | 2,840,011 | 46,796 | 2,886,807 |

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|--|-------------------|------------------|
| Cash flows from (used in) operating activities: | | |
| Loss before tax | \$ (261,986) | (566,434) |
| Adjustments: | | |
| Adjustments to reconcile (profit) loss: | | |
| Depreciation expense | 209,290 | 320,702 |
| Amortization expense | 5,683 | 5,470 |
| Net gain on financial assets or liabilities at fair value through profit or loss | (108,854) | - |
| Interest expense | 10,127 | 13,376 |
| Interest income | (4,372) | (5,765) |
| Share of loss of associates accounted for using equity method | (12,010) | 16,565 |
| Gain on disposal of property, plan and equipment | (39,617) | (6,835) |
| Impairment on property, plan and equipment | 111,297 | 285,895 |
| Gains on remeasurements of associates accounted for using equity method | - | (192,479) |
| Gains on disposal of investments accounted for using equity method | - | (12,710) |
| Impairment loss on financial assets | 19,000 | - |
| Others | 9,462 | 5,487 |
| Total adjustments to reconcile (profit) loss | 200,006 | 429,706 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes and trade receivable (including related parties), net | 466,467 | (116,909) |
| Other receivable | 9,483 | (6,778) |
| Inventories | 412,998 | 353,095 |
| Other current assets | (3,578) | 23,204 |
| Other non-current assets | (2,120) | 95 |
| Total changes in operating assets | 883,250 | 252,707 |
| Changes in operating liabilities: | | |
| Notes and trade payable (including related parties) | (300,047) | (149,571) |
| Other financial liabilities | (27,875) | (89,077) |
| Other current liabilities | 26,496 | (35,988) |
| Other non-current liabilities | (36) | (1,133) |
| Total changes in operating liabilities | (301,462) | (275,769) |
| Total changes in operating assets and liabilities | 581,788 | (23,062) |
| Total adjustments | 781,794 | 406,644 |
| Cash inflow generated from operations | 519,808 | (159,790) |
| Interest received | 4,364 | 5,792 |
| Dividends received | 12,108 | 17,343 |
| Interest paid | (10,328) | (13,189) |
| Income taxes received (paid) | 27,930 | (9,954) |
| Net cash flows used in operating activities | 553,882 | (159,798) |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at fair value through profit or loss | (1,000) | (6,260) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 1,008 | 21,372 |
| Acquisition of investments accounted for using equity method | (25,689) | - |
| Proceeds from disposal of investments accounted for using equity method | - | 15,602 |
| Acquisition of property, plant and equipment | (63,369) | (94,901) |
| Proceeds from disposal of property, plant and equipment | 90,360 | 16,675 |
| Increase in other receivables | (87,094) | (36,697) |
| Other investing activities | 11,238 | (4,726) |
| Net cash flows used in investing activities | (74,546) | (88,935) |
| Cash flows from (used in) financing activities: | | |
| Decrease in short-term loans | (46,573) | (93,279) |
| Repayments of long-term debt | (15,026) | (15,025) |
| Payment of lease liabilities | (60,806) | (43,444) |
| Net cash flows used in financing activities | (122,405) | (151,748) |
| Effect of exchange rate changes on cash and cash equivalents | (45,274) | (53,999) |
| Net increase (decrease) in cash and cash equivalents | 311,657 | (454,480) |
| Cash and cash equivalents at beginning of period | 598,845 | 1,053,325 |
| Cash and cash equivalents at end of period | \$ 910,502 | 598,845 |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Technology Co., Ltd. (the “Company”) was incorporated on October 3, 1979, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The address of the Company’s registered office is 10F. 1, No. 492 1, Sec. 1, Wanshou Rd., Guishan District, Taoyuan City. The Company and subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily is involved in the design, manufacture, and sale of hard disk drive components, plastic camera components, CD ROM drive components, and mechanical components for optical devices.

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

These consolidated financial statements were authorized for issue by the board of directors on March 18, 2021.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

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

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

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

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p> | January 1, 2023 |

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies were applied consistently to the periods presented in the financial statements.

(Continued)

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

Except for the defined benefit asset that is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | |
|------------------|--|---|-------------------|-------------------|
| | | | December 31, 2020 | December 31, 2019 |
| The Company | Min Aik Technology USA Inc. (MAUS) | Researching hard disk drive components | 100.00 % | 100.00 % |
| " | Min Aik International Development Pte., Ltd. (MAS) | Investment holding, researching hard disk drive components, and providing sales and marketing support | 100.00 % | 100.00 % |
| " | Synergy Technology Industrial Co., Ltd. (Synergy) | Holding company | 100.00 % | 100.00 % |
| " | Min Aik Technology (Thailand) Co., Ltd. (MATH) | Manufacture and sale of hard disk drive components | 100.00 % | 100.00 % |
| " | Good Master Holding Co., Ltd. (Good Master) | Holding company | 100.00 % | 100.00 % |
| " | Green Far Company Ltd. (Green Far) | Sale of electricity produced by curvature module | 100.00 % | 100.00 % |
| " | New Prestige Global Limited (NPG) | Holding Company | 100.00 % | 100.00 % |
| " | Geminovative Technology Co., LTD. (GIT) | Sale and retail of electricity product | 100.00 % | 100.00 % |
| MAS | Min Aik Technology(M) Sdn. Bhd. (MAM) | Manufacture and sale of hard disk drive components | 100.00 % | 100.00 % |
| Synergy | Min Aik Technology (Suzhou) Co., Ltd. (MAY) | Manufacture and sale of hard disk drive components | 100.00 % | 100.00 % |
| " | MATC Technology (M) Sdn. Bhd. (MATC) | Manufacture and sale of hard disk drive components | 80.00 % | 80.00 % |
| Good Master | MU-Technology Ptd. Ltd. (MUS) | Holding Company | 69.41 % | 69.41 % |
| MUS | MU Technology (M) Sdn.Bhd. (MUM) | Manufacture and sale of hard disk drive components | 100.00 % | 100.00 % |
| NPG | Min Aik-Automation (Suzhou) Co., Ltd (MAA) | Manufacture and sale of automatic drive | 100.00 % | 100.00 % |

(iii) Subsidiaries excluded from the consolidated financial statement: None.

(d) Foreign currencies

(i) Foreign currency transaction

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

(Continued)

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

Exchange differences are generally recognized in profit or loss, except for investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

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

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

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

An entity shall classify an asset as current when:

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(Continued)

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

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

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

- Debt securities that are determined to have low credit risk at the reporting date ; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

(Continued)

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

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

(h) Inventories

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

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

(i) Investment in associates

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

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

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

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(Continued)

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

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 20 ~50 years
- 2) Building facilities: 8 ~10 years
- 3) Machinery: 2 ~15 years
- 4) Leasehold improvement: 3 ~15 years
- 5) Office and other equipment: 1 ~ 10 years

(Continued)

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

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

(k) Leases

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

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

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

(Continued)

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

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

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

(l) Research & development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(m) Impairment – non-derivative financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods—electronic components

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

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

2) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparation of these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

Although the Group is the largest shareholder of Min Aik Precision Industrial Co., Ltd (MAP), the Group still cannot assign more than half of the total number of MAP's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on MAP.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(b) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. the Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(t) for assumptions used in measuring fair value.

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Cash on hand and demand deposits | \$ 844,210 | 536,474 |
| Time deposits | <u>66,292</u> | <u>62,371</u> |
| Cash and cash equivalents in consolidated statement of cash flows | <u>\$ 910,502</u> | <u>598,845</u> |

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

(b) Financial assets at fair value through profit or loss

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: | | |
| Funds investment | \$ 6,762 | 6,529 |
| Stocks listed on domestic markets | <u>338,611</u> | <u>229,969</u> |
| | <u>\$ 345,373</u> | <u>236,498</u> |

The discourse instruments were not pledged as collateral as of December 31, 2020 and 2019.

(c) Notes and accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Notes receivable | \$ 261 | 1,964 |
| Accounts receivable (including related parties) | 836,217 | 1,300,980 |
| Less: allowance for impairment | <u>(1,502)</u> | <u>(6,370)</u> |
| | <u>\$ 834,976</u> | <u>1,296,574</u> |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2020. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

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

| | December 31, 2020 | | |
|-----------------------------|----------------------------------|--|-------------------------------------|
| | Gross carrying amount | Weighted- average loss rate | Loss allowance provision |
| Current | \$ 765,749 | 0%~1% | 1,035 |
| 1 to 90 days past due | 46,943 | 0%~4% | 31 |
| 91 to 180 days past due | 21,722 | 1%~5% | 358 |
| 181 to 360 days past due | 2,064 | 3%~100% | 78 |
| More than 360 days past due | - | - | - |
| | \$ 836,478 | | 1,502 |

| | December 31, 2019 | | |
|-----------------------------|----------------------------------|--|-------------------------------------|
| | Gross carrying amount | Weighted- average loss rate | Loss allowance provision |
| Current | \$ 1,229,108 | 0% | - |
| 1 to 90 days past due | 67,617 | 0%~1% | 454 |
| 91 to 180 days past due | 319 | 1%~5% | 16 |
| 181 to 360 days past due | 2,325 | 55%~100% | 2,325 |
| More than 360 days past due | 3,575 | 100% | 3,575 |
| | \$ 1,302,944 | | 6,370 |

The movement in the allowance for notes and trade receivable were as follows:

| | 2020 | 2019 |
|------------------------------|-----------------|--------------|
| Balance at January 1 | \$ 6,370 | 4,222 |
| Impairment losses recognized | 1,060 | 2,148 |
| Amount written off | (5,842) | - |
| Foreign exchange gains | (86) | - |
| Balance at December 31 | \$ 1,502 | 6,370 |

The aforementioned notes and trade receivables of the Group were not pledged as collateral as of December 31, 2020 and 2019.

(d) Inventories

| | December 31, 2020 | December 31, 2019 |
|-----------------------------|------------------------------|------------------------------|
| Raw materials | \$ 284,928 | 568,692 |
| Work in progress | 113,103 | 122,302 |
| Finished goods and products | 276,796 | 407,653 |
| | \$ 674,827 | 1,098,647 |

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MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2020 and 2019, the Group recognized the following items as cost of goods sold:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|-------------------------|
| Cost of goods sold | \$ 3,483,280 | 5,060,416 |
| Unallocated fixed manufacturing overhead resulting from the actual production being lower than the normal capacity | 136,583 | 165,056 |
| Write-down and retirement of inventory | 10,822 | 29,829 |
| Additional losses on inventory counts or others | <u>(437)</u> | <u>8,077</u> |
| | <u><u>\$ 3,630,248</u></u> | <u><u>5,263,378</u></u> |

As of December 31, 2020 and 2019, the Group didn't provide any inventories as collateral for its loans.

(e) Financial assets at fair value through other comprehensive income

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|----------------------------|------------------------------|------------------------------|
| Overseas equity investment | \$ <u>93,775</u> | <u>102,113</u> |

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term for strategic purposes.

The Group did not disposal the investment in 2020. Gain or loss changes during the holding period were not transfer to the equity section.

For credit risk and market risk, please refer to 6(t).

The discourse instrument was not pledged as collateral as of December 31, 2020 and 2019.

(f) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------|------------------------------|------------------------------|
| Associates | \$ <u>642,760</u> | <u>621,165</u> |

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

- (i) The information on material associates

| Name of Associates | Main business activities | Country | Ownership (%) | |
|--------------------|--|---------|-------------------|-------------------|
| | | | December 31, 2020 | December 31, 2019 |
| MAP | Manufacturing of electronic parts and components | Taiwan | 36.20 % | 35.04 % |

The fair value of affiliate listed on the Stock Exchange which are material to the Group is as follows:

| | December 31, 2020 | December 31, 2019 |
|-----|-------------------|-------------------|
| MAP | \$ <u>839,095</u> | <u>682,668</u> |

The following consolidated financial information of significant affiliate has been adjusted according to individually prepared IFRS financial statements of these affiliates:

| | December 31, 2020 | December 31, 2019 |
|--|---------------------|-------------------|
| Current assets | \$ 1,818,796 | 1,578,814 |
| Non-current assets | 1,312,153 | 1,373,726 |
| Current liabilities | (894,294) | (703,333) |
| Non-current liabilities | <u>(535,468)</u> | <u>(536,799)</u> |
| Net assets | <u>\$ 1,701,187</u> | <u>1,712,408</u> |
| Net assets attributable to non-controlling interests | <u>\$ 1,693,340</u> | <u>1,704,561</u> |
| | <u>2020</u> | <u>2019</u> |
| Operating revenue | <u>\$ 1,921,700</u> | <u>1,797,291</u> |
| Net income | \$ 29,987 | 14,160 |
| Other comprehensive loss | <u>(14,258)</u> | <u>(3,961)</u> |
| Total comprehensive income | <u>\$ 15,729</u> | <u>10,199</u> |
| Comprehensive income attributable to controlling interests | <u>\$ 15,729</u> | <u>10,199</u> |

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

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|-----------------------|
| Share of net assets of affiliate as of January 1 | \$ 597,258 | 603,128 |
| Equities acquired due to increase in ownership of associates | 25,689 | - |
| Comprehensive income attributable to the Group | 5,995 | 3,574 |
| Dividends received from affiliate | <u>(9,689)</u> | <u>(9,444)</u> |
| Share of net assets of affiliate as of December 31 | 619,253 | 597,258 |
| Add: The differences of equity attributable to owners | 28,632 | 28,632 |
| Less: Unrealized profit in ending inventory | <u>(5,125)</u> | <u>(4,725)</u> |
| The equity of associates that belongs to the Group | <u><u>\$ 642,760</u></u> | <u><u>621,165</u></u> |

The Group acquired interest in an associate-Min Aik Precision Industrial Co., Ltd. (MAP) for \$25,689, increasing its ownership from 35.04% to 36.20%.

- (ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|------------------------------|------------------------------|
| Carrying amount of individually insignificant associates' equity | <u>\$ -</u> | <u>-</u> |
| | <u>2020</u> | <u>2019</u> |
| Attributable to the Group: | | |
| Net loss | \$ - | (22,652) |
| Other comprehensive income | <u>-</u> | <u>1,194</u> |
| Total comprehensive loss | <u><u>\$ -</u></u> | <u><u>(21,458)</u></u> |

- (iii) The Group disposed a portion of its investment in DAS Technology Co. Ltd. (DAS) in 2019, with the respective selling price of \$15,602, wherein the amounts of \$11,681 was recognized under other gains and losses, resulting in its shareholding in DAS is under 20% as of September 30, 2019.

The Group continued to dispose its shareholding in DAS, wherein the fund would be used for its business transformation, resulting in a gain of \$192,479 thousand to be recognized in 2019 based on the resolution made during the Company's Board meeting. Furthermore, the Group received the cash dividends amounting to \$7,899, which were recognized as deduction of equity investment in 2019.

- (iv) The Group consistently monitored the financial and operating circumstances of its affiliates, whose recoverable amounts are in doubt. The Group recognized an impairment loss amounting to \$8,694 in 2019.

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

(v) Collateral

The Group's investment accounted for using equity method were not pledged as collateral as of December 31, 2020 and 2019.

(g) Property, plant and equipment

| | <u>Land</u> | <u>Buildings and construction</u> | <u>Machinery and equipment</u> | <u>Other facilities</u> | <u>Prepayment for purchase of equipment</u> | <u>Total</u> |
|---|------------------|---|--|-----------------------------|---|------------------|
| Cost or deemed cost: | | | | | | |
| Balance on January 1, 2020 | \$ 27,083 | 239,191 | 2,421,299 | 910,719 | 16,713 | 3,615,005 |
| Additions | - | - | 19,698 | 17,785 | 30,118 | 67,601 |
| Disposal | - | - | (481,849) | (128,958) | (14,294) | (625,101) |
| Reclassification | - | - | 17,204 | 21,695 | (38,899) | - |
| Transfer from inventory | - | - | - | 835 | - | 835 |
| Other transfer | - | - | - | - | 9,943 | 9,943 |
| Effect of movements in exchange rates | (1,454) | (8,347) | (59,071) | (17,634) | 282 | (86,224) |
| Balance on December 31, 2020 | <u>\$ 25,629</u> | <u>230,844</u> | <u>1,917,281</u> | <u>804,442</u> | <u>3,863</u> | <u>2,982,059</u> |
| Balance on January 1, 2019 | \$ 25,565 | 240,313 | 2,481,600 | 897,723 | 51,744 | 3,696,945 |
| Additions | - | - | 34,488 | 12,471 | 5,987 | 52,946 |
| Disposal | - | - | (90,150) | (11,269) | - | (101,419) |
| Reclassification | - | - | 17,185 | 26,542 | (43,727) | - |
| Transfer from inventory | - | - | 4,178 | - | - | 4,178 |
| Other transfer | - | - | - | - | (22,314) | (22,314) |
| Effect of movements in exchange rates | 1,518 | (1,122) | (26,002) | (14,748) | 25,023 | (15,331) |
| Balance on December 31, 2019 | <u>\$ 27,083</u> | <u>239,191</u> | <u>2,421,299</u> | <u>910,719</u> | <u>16,713</u> | <u>3,615,005</u> |
| Depreciation and impairments loss: | | | | | | |
| Balance on January 1, 2020 | \$ - | 73,457 | 1,805,035 | 674,535 | - | 2,553,027 |
| Depreciation for the year | - | 7,548 | 117,618 | 37,236 | - | 162,402 |
| Impairment loss | - | 6,903 | 78,871 | 25,523 | - | 111,297 |
| Disposal | - | - | (464,157) | (110,202) | - | (574,359) |
| Reclassification | - | - | 1,214 | 1,736 | - | 2,950 |
| Effect of movements in exchange rates | - | (2,480) | (47,476) | (12,012) | - | (61,968) |
| Balance on December 31, 2020 | <u>\$ -</u> | <u>85,428</u> | <u>1,491,105</u> | <u>616,816</u> | <u>-</u> | <u>2,193,349</u> |
| Balance on January 1, 2019 | \$ - | 65,665 | 1,442,293 | 621,476 | - | 2,129,434 |
| Depreciation for the year | - | 8,149 | 190,588 | 65,299 | - | 264,036 |
| Impairment loss | - | - | 280,108 | 5,787 | - | 285,895 |
| Disposal | - | - | (86,717) | (9,547) | - | (96,264) |
| Reclassification | - | - | 1,068 | 798 | - | 1,866 |
| Effect of movements in exchange rates | - | (357) | (22,305) | (9,278) | - | (31,940) |
| Balance on December 31, 2019 | <u>\$ -</u> | <u>73,457</u> | <u>1,805,035</u> | <u>674,535</u> | <u>-</u> | <u>2,553,027</u> |
| Carrying amounts: | | | | | | |
| Balance on December 31, 2020 | <u>\$ 25,629</u> | <u>145,416</u> | <u>426,176</u> | <u>187,626</u> | <u>3,863</u> | <u>788,710</u> |
| Balance on December 31, 2019 | <u>\$ 27,083</u> | <u>165,734</u> | <u>616,264</u> | <u>236,184</u> | <u>16,713</u> | <u>1,061,978</u> |
| Balance on January 1, 2019 | <u>\$ 25,565</u> | <u>174,648</u> | <u>1,039,307</u> | <u>276,247</u> | <u>51,744</u> | <u>1,567,511</u> |

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

(i) Impairment loss

Due to the fact that the utilization rate of production line was lower than expected and the expected future cash flow might not be able to recover the carrying amount of the related equipment, the impairment loss had been recognized in 2020 and 2019 based on the following :

Based on the financial forecasts for the future periods, the carrying amount of the Group's PPE for the years ended of 2020 and 2019 could not be recovered by the present value of future cash flow, therefore, an impairment loss amounting to \$111,297 thousand and \$285,895 thousand was recognized and reported as other gains and losses.

The recoverable amounts were determined based on the expected cash flow approved by the Group management, at a PV rate of 8.88% and 11.19%. The ratio was based on the pretax tenyear government bonds yield using the same currency. Accelerating risk and specific systematic risk in CGU were also disclosed as adjusted for risk premium.

The Group recognized the impairment loss of the difference between carrying amount and recoverable value. However, any negative changes in the key factors of assumption could lead to an increase of impairment.

(ii) Collateral

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had not been pledged as collateral.

(h) Other current assets and other non-current assets

The following are other current assets and other non-current assets of the Group:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Tax refundable and offset against business tax payable | \$ 42,631 | 67,320 |
| Refundable deposits | 17,218 | 33,624 |
| Prepayment for purchases | 13,674 | 33,157 |
| Others | <u>50,151</u> | <u>39,381</u> |
| | <u>\$ 123,674</u> | <u>173,482</u> |

(i) Right-of-use assets

| | Land | Buildings | Machinery and equipment | Total |
|--|-------------------------|-----------------------|--|-----------------------|
| Cost: | | | | |
| Balance at January 1, 2020 | \$ 41,049 | 126,593 | 7,199 | 174,841 |
| Additions | - | 17,135 | - | 17,135 |
| Disposal | - | (27,347) | (3,151) | (30,498) |
| Effect of change in foreign exchange rates | - | (211) | (13) | (224) |
| Balance at December 31, 2020 | <u>\$ 41,049</u> | <u>116,170</u> | <u>4,035</u> | <u>161,254</u> |

(Continued)

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

| | <u>Land</u> | <u>Buildings</u> | <u>Machinery and equipment</u> | <u>Total</u> |
|--|------------------|------------------|--|----------------|
| Balance at January 1, 2019 | \$ 41,609 | 121,735 | 8,070 | 171,414 |
| Additions | - | 10,247 | 799 | 11,046 |
| Disposal | - | (4,512) | (1,662) | (6,174) |
| Effect of change in foreign exchange rates | (560) | (877) | (8) | (1,445) |
| Balance at December 31, 2019 | <u>\$ 41,049</u> | <u>126,593</u> | <u>7,199</u> | <u>174,841</u> |
| Accumulated depreciation: | | | | |
| Balance at January 1, 2020 | \$ 485 | 50,088 | 3,958 | 54,531 |
| Depreciation for the year | 457 | 44,738 | 1,693 | 46,888 |
| Disposal | - | (9,180) | (3,151) | (12,331) |
| Transfer | - | 3,226 | 405 | 3,631 |
| Effect of movements in exchange rates | 1,304 | (8,211) | (1) | (6,908) |
| Balance at December 31, 2020 | <u>\$ 2,246</u> | <u>80,661</u> | <u>2,904</u> | <u>85,811</u> |
| Balance at January 1, 2019 | \$ - | - | - | - |
| Depreciation for the year | 485 | 52,022 | 4,159 | 56,666 |
| Disposal | - | (1,583) | (198) | (1,781) |
| Effect of movements in exchange rates | - | (351) | (3) | (354) |
| Balance at December 31, 2019 | <u>\$ 485</u> | <u>50,088</u> | <u>3,958</u> | <u>54,531</u> |
| Carrying amount: | | | | |
| Balance at December 31, 2020 | <u>\$ 38,803</u> | <u>35,509</u> | <u>1,131</u> | <u>75,443</u> |
| Balance at December 31, 2019 | <u>\$ 40,564</u> | <u>76,505</u> | <u>3,241</u> | <u>120,310</u> |
| Balance at January 1, 2019 | <u>\$ 41,609</u> | <u>121,735</u> | <u>8,070</u> | <u>171,414</u> |

(j) Short-term borrowings

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|------------------------------|------------------------------|
| Unsecured bank loans | \$ 263,900 | 370,000 |
| Secured bank loans | 280,000 | 220,473 |
| | <u>\$ 543,900</u> | <u>590,473</u> |
| Unused short-term credit lines | <u>\$ 311,920</u> | <u>1,023,520</u> |
| Range of interest rates | <u>0.93%~1.35%</u> | <u>0.95%~3.80%</u> |

Please refer to note 6(t) for the interest rate risk, and the liquidity risk of the financial assets and liabilities of the Group. For the collateral for short-term borrowings, please refer to note 8.

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

(k) Long-term borrowings

The details were as follows:

| December 31, 2020 | | | |
|-------------------------------|---------------|---------------|-------------------|
| Currency | Interest rate | Maturity year | Amount |
| Unsecured bank loans | NTD | 1.7% | 2027 |
| | | | \$ 105,178 |
| Less: current portion | | | <u>(15,025)</u> |
| Total | | | <u>\$ 90,153</u> |
| Unused long-term credit lines | | | <u>\$ -</u> |
| December 31, 2019 | | | |
| Currency | Interest rate | Maturity year | Amount |
| Unsecured bank loans | NTD | 1.97% | 2027 |
| | | | \$ 120,204 |
| Less: current portion | | | <u>(15,025)</u> |
| Total | | | <u>\$ 105,179</u> |
| Unused long-term credit lines | | | <u>\$ 4,000</u> |

(l) Lease liabilities

| | December 31, 2020 | December 31, 2019 |
|-------------|------------------------------|------------------------------|
| Current | <u>\$ 10,257</u> | <u>\$ 52,421</u> |
| Non-current | <u>\$ 26,260</u> | <u>\$ 27,766</u> |

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

The amounts recognized in profit or loss was as follows:

| | 2020 | 2019 |
|--|-----------------|-----------------|
| Interest expenses on lease liabilities | <u>\$ 738</u> | <u>\$ 1,197</u> |
| Expenses relating to short-term leases | <u>\$ 5,045</u> | <u>\$ 7,375</u> |

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

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| Total cash outflow for leases | <u>\$ 66,589</u> | <u>\$ 52,016</u> |

(Continued)

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

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ 40,803 | 47,695 |
| Fair value of plan assets | (43,067) | (43,573) |
| Net defined benefit liabilities | <u>\$ (2,264)</u> | <u>4,122</u> |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits calculated based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$43,067 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations of the Group were as follows:

| | 2020 | 2019 |
|---|------------------|---------------|
| Defined benefit obligation at January 1 | \$ 47,695 | 54,636 |
| Current service costs and interest | 601 | 895 |
| Re-measurement loss (gain): | | |
| - Return on plan assets excluding interest income | (7,447) | 545 |
| - Actuarial loss (gain) arising from | | |
| -demographic assumptions | 592 | 504 |
| -financial assumptions | 2,962 | 2,519 |
| Benefit paid | (3,600) | (11,404) |
| Defined benefit obligation at December 31 | <u>\$ 40,803</u> | <u>47,695</u> |

(Continued)

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

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

| | <u>2020</u> | <u>2019</u> |
|---|------------------|-----------------|
| Fair value of plan assets at January 1 | \$ 43,573 | 51,207 |
| Interest cost (income) | 328 | 548 |
| Re-measurement loss (gain) | | |
| - Return on plan assets excluding interest income | 1,571 | 1,887 |
| Contribution paid by employer | 1,195 | 1,335 |
| Benefits paid | <u>(3,600)</u> | <u>(11,404)</u> |
| Fair value of plan assets at December 31 | <u>\$ 43,067</u> | <u>43,573</u> |

4) Expenses recognized in profit or loss

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

| | <u>2020</u> | <u>2019</u> |
|---|---------------|-------------|
| Current service cost | \$ 246 | 317 |
| Net interest of net liabilities for defined benefit obligations | <u>27</u> | <u>30</u> |
| | <u>\$ 273</u> | <u>347</u> |
| Operating cost | \$ 70 | 108 |
| Selling expenses | 30 | 24 |
| Administrative expenses | 114 | 144 |
| Research and development expenses | <u>59</u> | <u>71</u> |
| | <u>\$ 273</u> | <u>347</u> |

5) Actuarial assumptions

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

| | <u>2020</u> | <u>2019</u> |
|-----------------------------|-------------|-------------|
| Discount rate | 0.350 % | 0.800 % |
| Future salary increase rate | 1.500 % | 1.500 % |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$1,186.

The weighted-average lifetime of the defined benefits plans is 10 years.

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

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

| <u>Actuarial assumptions</u> | <u>Influences of defined obligations</u> | |
|----------------------------------|--|-------------------------|
| | <u>Increase of 0.5%</u> | <u>Decrease of 0.5%</u> |
| 2020.12.31 | | |
| Discount rate 0.35% | (1,619) | 1,732 |
| Future salary increase rate 1.5% | 1,650 | (1,559) |
| 2019.12.31 | | |
| Discount rate 0.8% | (1,910) | 2,039 |
| Future salary increase rate 1.5% | 1,955 | (1,849) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group recognized pension costs under the defined contribution method amounting to \$29,979 and \$45,834 for the years ended December 31, 2020 and 2019, respectively.

(n) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|-----------------|
| Current tax | \$ 17,447 | 6,010 |
| Deferred tax | 2,198 | (100,555) |
| Income tax expense (benefit) | <u>\$ 19,645</u> | <u>(94,545)</u> |

(Continued)

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

- (ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|----------------|
| Foreign currency translation differences from foreign operations | \$ <u>12,273</u> | <u>(2,782)</u> |

- (iii) Reconciliation of income tax and profit or loss before tax for 2020 and 2019 was as follows:

| | <u>2020</u> | <u>2019</u> |
|---|------------------|-----------------|
| Loss excluding income tax | \$ (261,986) | (566,434) |
| Income tax using the Company's domestic tax rate | (112,751) | (232,544) |
| Effect of tax rates in foreign jurisdiction | (14,202) | (29,318) |
| Change in permanent differences | 1,504 | 3,066 |
| Changes in unrecognized deferred tax asset and deferred tax liability | 154,880 | 171,773 |
| Change in provision in prior periods | <u>(9,786)</u> | <u>(7,522)</u> |
| | <u>\$ 19,645</u> | <u>(94,545)</u> |

- (iv) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax liabilities

Based on Group planning, overseas subsidiaries would continue to use its surplus on sites' expansions and working capital. Therefore, the subsidiaries would not distributed their earnings back to the Company in the foreseeable future. Previous decisions would also affect unrecognized deferred tax liabilities, which stands at \$23,646 and \$58,598 for each reporting fiscal years respectively.

- 2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized for 2020 and 2019 was as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|------------------------------|------------------------------|
| The carry forward of unused tax losses | \$ 376,251 | 288,908 |
| Tax effect of deductible temporary differences | <u>141,566</u> | <u>108,981</u> |
| | <u>\$ 517,817</u> | <u>397,889</u> |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be sufficient to utilize deferred tax asset.

The Group's unrecognized deduction of tax loss amounts in \$376,252. Deduction may be higher under condition of using the tax rate in foreign jurisdiction as \$1,613,809.

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

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

| | | | Investment income recognized under the equity method | Others | Total | |
|--|----|---|---|---|----------------|-----------------|
| Deferred tax liabilities: | | | | | | |
| Balance on January 1, 2020 | \$ | 197,516 | 6,759 | 204,275 | | |
| Recognized in profit or loss | | (1,351) | 2,261 | 910 | | |
| Recognized in other comprehensive income | | (12,273) | - | (12,273) | | |
| Balance on December 31, 2020 | \$ | <u>183,892</u> | <u>9,020</u> | <u>192,912</u> | | |
| Balance on January 1, 2019 | \$ | 348,401 | 4,588 | 352,989 | | |
| Recognized in profit or loss | | (147,129) | 2,171 | (144,958) | | |
| Recognized in other comprehensive income | | (3,756) | - | (3,756) | | |
| Balance on December 31, 2019 | \$ | <u>197,516</u> | <u>6,759</u> | <u>204,275</u> | | |
| Deferred tax assets: | | | | | | |
| | | Additional loss on inventory valuation | Unused tax losses carry forwards | Investment income recognized under the equity method | Others | Total |
| Balance on January 1, 2020 | \$ | (4,495) | (25,070) | - | (6,786) | (36,351) |
| Recognized in profit or loss | | 742 | - | - | 546 | 1,288 |
| Balance on December 31, 2020 | \$ | <u>(3,753)</u> | <u>(25,070)</u> | <u>-</u> | <u>(6,240)</u> | <u>(35,063)</u> |
| Balance on January 1, 2019 | | (5,468) | (36,477) | (10,444) | (29,552) | (81,941) |
| Recognized in profit or loss | | 973 | 11,319 | 9,470 | 22,641 | 44,403 |
| Recognized in other comprehensive income | | - | - | 974 | - | 974 |
| Exchange rate translation differences | | - | 88 | - | 125 | 213 |
| Balance on December 31, 2019 | \$ | <u>(4,495)</u> | <u>(25,070)</u> | <u>-</u> | <u>(6,786)</u> | <u>(36,351)</u> |

(v) Examination and approval

The Company's and Green Far's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

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

(o) Capital and other equity

As of December 31, 2020 and 2019, the authorized common stock was \$4,000,000 (including employee stock options for 7.5 million shares). The total common stock was outstanding amounting to \$1,375,632 and \$1,393,616 as of December 31, 2020 and 2019, respectively. The par value of the Company's common stock is \$10 (NT dollars) per share. All of the payments of outstanding shares were received.

(i) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|------------------------------|------------------------------|
| Additional paid-in capital | \$ 1,384,121 | 1,402,216 |
| Treasury share transactions | 39,954 | 80,675 |
| Gain on disposal of assets | 7 | 7 |
| Change of equity of associates accounted for using equity method | <u>265,333</u> | <u>265,333</u> |
| | <u><u>\$ 1,689,415</u></u> | <u><u>1,748,231</u></u> |

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends. Distribution of earnings may be exempted if surplus of earnings is less than \$0.5 per share.

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

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2020 and 2019, the amount of reversal of special reserve are both \$570,199, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided via the general meeting of the stockholders held on June 10, 2020, and on June 18, 2019, respectively. In 2020, the Company decided to use legal reserve to offset accumulated deficits amounting to \$657,323. In 2019, the Company decided not to distribute the surplus earning.

(iii) Treasury shares

In 2017, the Company repurchased treasury shares at \$76,890 (or 1,798 thousand shares) in order to protect the Company's integrity and shareholders' equity in accordance with the requirements under section 28(2) of the Securities and Exchange Act. A total of 1,798 thousand shares were to be cancelled via the Board of Directors held on March 25, 2020. March 26, 2020 is the date of cancellation.

(p) Loss per share

(i) Basic loss per share

The calculation of basic loss per share at December 31, 2020 and 2019, was based on the loss attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|------------------|
| Loss attributable to ordinary shareholders of the Company | \$ <u>(254,213)</u> | <u>(366,588)</u> |
| Weighted-average number of ordinary shares at December 31 | <u>137,564</u> | <u>137,564</u> |
| Basic loss per share | \$ <u>(1.85)</u> | <u>(2.66)</u> |

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

The results of operating of fiscal year 2020 and 2019 were net loss totally. The adjusted factor of the common stock was ineffective of EPS. Thus, diluted EPS was not be disclosure for the years.

(q) Revenue from contracts with customers

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|---------------------|------------------|
| Primary geographical markets | | |
| Thailand | \$ 2,514,361 | 3,567,697 |
| China | 526,097 | 259,462 |
| United States | 418,673 | 475,617 |
| Malaysia | 79,067 | 657,083 |
| Other | <u>351,308</u> | <u>444,820</u> |
| | <u>\$ 3,889,506</u> | <u>5,404,679</u> |
| Major products/services lines | | |
| VCM | 1,366,123 | 1,431,297 |
| APFA | 460,405 | 1,792,754 |
| EHD | 431,631 | 407,709 |
| COVER | 328,873 | 510,068 |
| Other | <u>1,302,474</u> | <u>1,262,851</u> |
| | <u>\$ 3,889,506</u> | <u>5,404,679</u> |

(r) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, when there are still accumulated loss, the compensation should be reserved. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019 the Company was in a loss condition, therefore there is no estimation of employee compensation and supervisors' remuneration.

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

(s) Non-operating income and expenses

(i) Other income

The other income for the years ended December 31, 2020 and 2019, was as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------|------------------|---------------|
| Interest income | \$ 4,372 | 5,765 |
| Others | <u>34,222</u> | <u>42,701</u> |
| | <u>\$ 38,594</u> | <u>48,466</u> |

(ii) Other gains and losses

The other gains and losses for the years ended December 31, 2020 and 2019, were as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|-----------------|
| Foreign exchange losses | (40,854) | (7,924) |
| Gain on disposal property, plant and equipment | \$ 39,617 | 6,835 |
| Impairment losses on property, plant and equipment | (130,297) | (285,895) |
| Gains on valuation of financial assets | 108,854 | 268 |
| Gain on remeasurement of associates accounted for using equity method | - | 192,479 |
| Other | <u>(961)</u> | <u>2,642</u> |
| | <u>\$ (23,641)</u> | <u>(91,595)</u> |

(t) Financial instruments

(i) Credit risk

1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and security investments.

a) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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

b) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

2) Other information about credit risk was as follows:

a) Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. As of December 31, 2020 and 2019, the carrying amount of financial assets, which represents the maximum amount exposed to credit risk, was \$1,892,034 and \$1,983,356, respectively. Furthermore, the bank deposits of the Company are made with various banks, all of which are with good credits, therefore, there is no significant credit risks.

b) The Group's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2020 and 2019, 64% and 81%, respectively, of the ending balance of accounts receivable arose from sales to individual customers constituting the top three customers.

(ii) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

- 1) Based on the date on which the Group may be required to make an early repayment and on the preparation of the financial liabilities' undiscounted cash flows, including interest.
- 2) Other non-derivative financial liabilities' maturity analysis prepared in accordance with the agreed repayment date.

(Continued)

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

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 1 year</u> | <u>1 ~ 2 years</u> | <u>2 ~5 years</u> | <u>Over 5 years</u> |
|---------------------------------------|----------------------------|-----------------------------------|--------------------------|----------------------|----------------------|----------------------|
| December 31, 2020 | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Short-term and long-term borrowings | \$ 649,078 | 656,959 | 562,145 | 16,441 | 47,790 | 30,583 |
| Accounts payable | 442,067 | 442,067 | 442,067 | - | - | - |
| Accounts payable-related parties | 131,435 | 131,435 | 131,435 | - | - | - |
| Lease liabilities | 36,517 | 39,393 | 10,763 | 6,276 | 8,367 | 13,987 |
| Other financial liabilities | <u>120,287</u> | <u>120,287</u> | <u>120,287</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,379,384</u> | <u>1,390,141</u> | <u>1,266,697</u> | <u>22,717</u> | <u>56,157</u> | <u>44,570</u> |
| December 31, 2019 | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Short-term and long-term borrowings | \$ 710,677 | 720,576 | 608,060 | 16,962 | 49,109 | 46,445 |
| Accounts payable | 719,077 | 719,077 | 719,077 | - | - | - |
| Accounts payable-related parties | 154,472 | 154,472 | 154,472 | - | - | - |
| Lease liabilities | 80,187 | 83,597 | 53,175 | 8,072 | 6,333 | 16,017 |
| Other financial liabilities | <u>107,158</u> | <u>107,158</u> | <u>107,158</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,771,571</u> | <u>1,784,880</u> | <u>1,641,942</u> | <u>25,034</u> | <u>55,442</u> | <u>62,462</u> |

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

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

1) Exposure to foreign currency risk

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

| | December 31, 2020 | | | December 31, 2019 | | |
|-----------------------|---------------------|------------------|-----------|---------------------|------------------|-----------|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 71,252 | 28.48 | 2,029,257 | 53,959 | 29.980 | 1,617,691 |
| SGD | 5,673 | 21.56 | 122,310 | 3,932 | 22.28 | 87,605 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 35,171 | 28.48 | 1,001,670 | 25,192 | 29.980 | 755,256 |
| SGD | 34 | 21.56 | 733 | 124 | 22.28 | 2,763 |

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the TWD against the foreign currency as of December 31, 2020 and 2019, would have increased or decreased the net profit before tax by \$11,492 and \$9,473, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2020 and 2019, the foreign exchange gain(loss), including both realized and unrealized, amounted to \$(40,854) and \$(7,924), respectively.

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

| | Carrying amount | |
|----------------------------|----------------------|----------------------|
| | December 31, 2020 | December 31, 2019 |
| Fixed-rate instruments: | | |
| Financial assets | \$ 140,624 | 81,788 |
| Financial liabilities | (243,900) | (250,000) |
| | \$ (103,276) | (168,212) |
| Variable-rate instruments: | | |
| Financial assets | \$ 725,889 | 546,981 |
| Financial liabilities | (405,178) | (460,677) |
| | \$ 320,711 | 86,304 |

(Continued)

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

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$802 and \$216 for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

3) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

| Prices of securities at the reporting date | For the years ended December 31, | | | |
|--|--------------------------------------|------------|--------------------------------------|------------|
| | 2020 | | 2019 | |
| | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 5% | \$ 4,689 | 17,269 | 5,106 | 11,825 |
| Decreasing 5% | \$ (4,689) | (17,269) | (5,106) | (11,825) |

(iv) Fair value of financial instrument

1) Fair value and carrying amount

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

| | December 31, 2020 | | | | |
|---|---------------------|------------|---------|---------|---------|
| | Book value | Fair value | | | Total |
| | Level 1 | Level 2 | Level 3 | | |
| Fair value through profit or loss | \$ 345,373 | 6,762 | - | 338,611 | 345,373 |
| Fair value through other comprehensive income | \$ 93,775 | - | - | 93,775 | 93,775 |
| Financial assets carried at amortized cost | | | | | |
| Cash and cash equivalents | \$ 910,502 | | | | |
| Accounts receivable, net | 815,942 | | | | |
| Accounts receivable—related parties, net | 19,034 | | | | |
| Other receivables | 146,556 | | | | |
| | <u>\$ 1,892,034</u> | | | | |

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments held by the Company are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

Financial instruments without an active market are classified according to their fair value categories and attributes: equity instruments without public quoted prices, which uses the market comparable company method, estimation basis being the earnings before tax, depreciation, amortization and interest, comparable to other listed company's multiplier. The estimation has been adjusted for the discounting effect due to the lack of market liquidity of the security.

3) Reconciliation of Level 3 fair values

| | Fair value through profit or loss | Fair value through other comprehensive income |
|--|--|--|
| Opening balance, January 1, 2020 | \$ 229,969 | 102,113 |
| Recognized in profit or loss | 108,642 | - |
| Recognized in other comprehensive income | - | (8,338) |
| Ending Balance, December 31, 2020 | <u>\$ 338,611</u> | <u>93,775</u> |
| Opening balance, January 1, 2019 | \$ - | 136,766 |
| Transferred from investments accounted for using equity method | 250,307 | - |
| Disposal | (20,338) | - |
| Recognized in other comprehensive income | - | (34,653) |
| Ending Balance, December 31, 2019 | <u>\$ 229,969</u> | <u>102,113</u> |

The above total gains and losses for the years ended December 31, 2020 and 2019 were listed under "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income".

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instruments that use Level 3 inputs to measure fair value including "fair value through profit or loss-equity investments and fair value through other comprehensive income – equity investments".

(Continued)

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

Quantified information of significant unobservable inputs was as follows:

| <u>Item</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|---|----------------------------|---|--|
| Financial assets measured at fair value through profit or loss – equity investments without an active market | Comparable Company Method | <ul style="list-style-type: none"> · Enterprise Value to Revenue(2020:1.56~2.37; 2019:1.78~2.26) · Enterprise Value to EBITDA margin(2020:14.63~21.47; 2019:9.55~13.46) · Enterprise Value to EBIT margin(2020:15.13~25.62; 2019:13.14~32.73) · Lack of discount on market liquidity (2020 and 2019: 21%) | <ul style="list-style-type: none"> · The higher the discount on market liquidity, the lower the fair value · The higher the multiplier, the higher the fair value. |
| Financial assets at fair value through other comprehensive income equity investments without an active market | Net Asset Value Method | <ul style="list-style-type: none"> · Revenue/Equity->3~5(2020:1.07~4.75; 2019:1.28~3.83) | The higher the multiplier, the higher the equity and fair value |

- 5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The method to derive at the fair value of financial instruments is reasonable but could yield different outcomes when using different multipliers. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possibilities of alternative assumptions would have the following effects:

| | <u>Data</u> | <u>Change upper or lower</u> | <u>Other comprehensive income</u> | |
|---|-------------|------------------------------|-----------------------------------|---------------------|
| | | | <u>Favourable</u> | <u>Unfavourable</u> |
| December 31, 2020 | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity investments without an active market | multiplier | lower 0.5 | - | (1,602) |
| | multiplier | upper 0.5 | 2,589 | - |
| December 31, 2019 | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity investments without an active market | multiplier | lower 0.5 | - | (2,145) |
| | multiplier | upper 0.5 | 3,710 | - |

(Continued)

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

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(u) Financial risk management

(i) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Group's Board of Directors.

(ii) The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes as for measuring and managing risk. For detailed information, please refer to 6(t).

(v) Capital management

The Group manages capital to safeguard the capacity to continue to operate. The management uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Debt is derived from the loans, accounts payable, expense payable and other liabilities.

As of December 31, 2020 and 2019, the Group's asset-liability ratios were 38% and 41%, respectively. As of December 31, 2020 and 2019, there were no changes in the Group's approach to capital management.

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

(w) Investing and financing activities affecting non-current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019 as each, were as follows:

- (i) For acquisition of right-of-use assets, please refer to notes 6(i).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2020 | Cash flows | Foreign exchange movement | December 31, 2020 |
|---|--------------------|------------------|---------------------------------|----------------------|
| Long-term borrowings | \$ 105,179 | (15,026) | - | 90,153 |
| Short-term borrowings (including current portion of long-term borrowings) | 605,498 | (46,573) | - | 558,925 |
| Lease liabilities | 80,187 | (60,806) | 17,135 | 36,516 |
| Total liabilities from financing activities | <u>\$ 790,864</u> | <u>(122,405)</u> | <u>17,135</u> | <u>685,594</u> |
| | January 1, 2019 | Cash flows | Foreign exchange movement | December 31, 2019 |
| Long-term borrowings | \$ 120,204 | (15,025) | - | 105,179 |
| Short-term borrowings (including current portion of long-term borrowings) | 698,777 | (93,279) | - | 605,498 |
| Lease liabilities | 129,805 | (43,444) | (6,174) | 80,187 |
| Total liabilities from financing activities | <u>\$ 948,786</u> | <u>(151,748)</u> | <u>(6,174)</u> | <u>790,864</u> |

(7) Related-party transactions:

- (a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group and its subsidiaries.

- (b) Name of related parties and relationships

The related parties who have transactions with the Group during the period covered by the the Consolidated Financial Statements are as follows:

| Name of related parties | Relationship with the Group |
|---|---------------------------------------|
| Min Aik Precision Industrial Co., Ltd (MAP) | An associate |
| MAP Plastics Ptd Ltd. (MAPP) | An associate |
| Ablytek Co., Ltd (Ablytek) | An associate |
| Key management personnel | Key management personnel of the Group |

(Continued)

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

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to related parties and the resulting accounts receivable were as follows:

| | Sales | | Accounts receivable – related party | |
|------------|-----------|--------|--|----------------------|
| | 2020 | 2019 | December 31, 2020 | December 31, 2019 |
| Associates | \$ 69,331 | 59,020 | 19,034 | 10,520 |

The credit terms were 30 to 120 days for related parties, but may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are about 2 to 3 months after delivery. The sales prices were not significantly different from those for third-party customers.

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

| | Purchase | | Accounts payable – related party | |
|-----|------------|---------|-------------------------------------|----------------------|
| | 2020 | 2019 | December 31, 2020 | December 31, 2019 |
| MAP | \$ 463,627 | 481,671 | 131,435 | 154,472 |

The credit terms were 90 to 120 days for related parties, but they may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are L/C, T/T, or 60~120 days after goods are received. The purchase price is negotiated by the parties.

(iii) Service revenue

1) Inspection revenue

| | Amounts | | Other accounts receivable – related party | |
|------------|----------|-------|--|----------------------|
| | 2020 | 2019 | December 31, 2020 | December 31, 2019 |
| Associates | \$ 3,852 | 2,621 | 2,374 | 1,243 |

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

2) Management service revenue

| | Amounts | | Accounts receivable – related party | |
|--|------------|-----------------|--|----------------------|
| | 2020 | 2019 | December 31, 2020 | December 31, 2019 |
| | Associates | \$ <u>3,295</u> | <u>1,310</u> | <u>627</u> |

Service revenue, as operating revenue or other revenue, shown amounts in deduction of related expense.

(iv) Property transactions

The purchases of property, plant and equipment from related parties were as follows:

| | Amounts | | Other accounts payable – related parties | |
|--|----------------|-------------|---|----------------------|
| | 2020 | 2019 | December 31, 2020 | December 31, 2019 |
| | Purchase price | \$ <u>-</u> | <u>1,240</u> | <u>-</u> |

(v) Loans to related parties

The loans to related parties were as follows:

| 2020 | | | | | |
|--------------|--|---|-------------------|--|---------------------|
| Relationship | Highest balance of financing to other parties during the period | Accrual usage amount during the period | Ending balance | Range of interest rates during the period | Interest revenue |
| Associates | \$ <u>19,000</u> | <u>19,000</u> | <u>19,000</u> | 3% | <u>859</u> |
| 2019 | | | | | |
| Relationship | Highest balance of financing to other parties during the period | Accrual usage amount during the period | Ending balance | Range of interest rates during the period | Interest revenue |
| Associates | \$ <u>30,000</u> | <u>24,000</u> | <u>24,000</u> | 3% | <u>878</u> |

The Group continually to evaluates the financial and operational conditions of its investees, and decided to recognize impairment losses \$19,000. The Group will continuously pay close attention to the operation of associates.

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

As of December 31, 2020 and 2019, other receivables (excluding withholding tax) from related parties were \$717 and \$72, respectively.

The interest rate of the aforementioned loans was 3% with pledged commercial checks and plant of the associates, which totalled \$60,000, as collaterals.

(d) Key management personnel compensation

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 31,740 | 27,027 |
| Post-employment benefits | <u>1,700</u> | <u>302</u> |
| | <u>\$ 33,440</u> | <u>27,329</u> |

(8) Pledged assets:

The carrying values of pledged assets were as follows:

| <u>Pledged assets</u> | <u>Object</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--|------------------------------|------------------------------|
| Time deposit (classified under other receivable) | Bank loans and guarantee for credit line | <u>\$ 142,365</u> | <u>50,271</u> |

(9) Significant commitments and contingencies:

(a) Unrecognized commitments of the Group were as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|------------------------------|------------------------------|
| Acquisition of property, plant and equipment | <u>\$ 763</u> | <u>6,209</u> |

(b) Guarantee notes issued as collateral for applying for a credit line were as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------------------|------------------------------|------------------------------|
| Guarantee notes issued | <u>\$ 995,880</u> | <u>1,115,856</u> |
| Endorsement guarantee | <u>\$ 153,294</u> | <u>292,204</u> |

(c) Green Far has entered into a contract with Taiwan Power Company since 2012 for the purchase and sale of electricity generated by solar power. The duration of the agreement is 20 years and shall commence on the agreed date. In addition, the contract stipulates that the electricity can only be used by power plants with equipment registered under the Energy Bureau of the Ministry of Economic Affairs in a single region, violation of this term would release Taiwan Power Company of its liability of the purchase fees of the period and grant Taiwan Power Company of the right to terminate the contract immediately.

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

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By item | By function | 2020 | | | 2019 | | |
|----------------------------|-------------|---------------|--------------------|---------|---------------|--------------------|---------|
| | | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | | |
| Salary | | 453,967 | 219,812 | 673,779 | 608,208 | 226,402 | 834,610 |
| Labor and health insurance | | 17,058 | 12,987 | 30,045 | 20,313 | 14,773 | 35,086 |
| Pension | | 20,603 | 9,649 | 30,252 | 27,178 | 19,003 | 46,181 |
| Others | | 31,637 | 9,855 | 41,492 | 55,153 | 14,596 | 69,749 |
| Depreciation | | 160,776 | 48,514 | 209,290 | 264,967 | 55,735 | 320,702 |
| Amortization | | 3,321 | 2,362 | 5,683 | 3,097 | 2,373 | 5,470 |

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|----------------|------------------|---|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|--------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | MUM | Other receivables from related parties | Yes | 56,960 | - | - | 3% | Short-term financing | - | Working turnover | - | - | - | 568,002 | 1,136,004 |
| 0 | The Company | MAA | Other notes receivable due from related parties | Yes | 56,960 | 56,960 | 14,240 | 3% | Short-term financing | - | Working turnover | - | - | - | 568,002 | 1,136,004 |
| 0 | The Company | Abytek | Other notes receivable due from related parties | Yes | 19,000 | 19,000 | 19,000 | 3% | Short-term financing | - | Working turnover | 19,000 | Note 4 | 60,000 | 568,002 | 1,136,004 |
| 1 | MUS | MUM | Other receivables from related parties | Yes | 28,480 | 15,379 | 15,379 | 1% | Short-term financing | - | Working turnover | - | - | - | 568,002 | 1,136,004 |

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MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1: The highest amounts were approved by the Board of Directors.

Note 2: The short term financing available for purposes shall not exceed 20% of the lending company's net worth in the latest financial statements.

Note 3: The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements.

Note 4: Abyltek used its commercial checks and plant as collaterals for the loans.

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|-------------------|--|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 0 | The Company | MUM | Subsidiary of MUS | 284,001 | 128,160 | - | - | - | - % | 5,680,022 | Y | N | N |
| " | " | Green Far | Subsidiary of the Company | Note 1 | 157,294 | 153,294 | 105,178 | - | 5.40 % | 5,680,022 | Y | N | N |

Note 1: Except for the Company's subsidiaries, in which the Company directly or indirectly holds 100% of their shares, the guarantee amounts given to them shall not exceed 10% of the Company's net worth in the latest financial statements.

Note 2: The highest balance for guarantees can not exceed 2 time the Company's net worth in the latest financial statement.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balanceN | | | | Highest Percentage of ownership (%) | Note |
|----------------|--|---------------------------|---|--------------------------|-------------------|-----------------------------|------------|-------------------------------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | | |
| The Company | United 5 years trigger EMD term fund trust | NO | Non-current financial assets at fair value through profit and loss | 20 | 6,762 | - % | 6,762 | - % | |
| " | Archers Inc. | " | " | 4,500 | - | 13.89 % | - | 13.89 % | |
| " | LBO | " | " | 165 | - | 0.72 % | - | 0.72 % | |
| " | HDDisk | " | " | 833 | - | 12.50 % | - | 12.50 % | |
| " | DAS | " | " | 4,837 | 338,611 | 18.13 % | 338,611 | 18.13 % | |
| " | Tascent, Inc. | " | Non-current financial assets at fair value through other comprehensive income | 4,500 | 93,775 | 5.15 % | 93,775 | 5.15 % | |
| | | | | | <u>\$ 439,148</u> | | | | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|-----------------|---------------|---|---------------------|-------------|-------------------------------------|---------------|---|--|-------------------------------------|---|--------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | MAM | The subsidiary held 100 percentage shares by MAS | Purchase | 1,579,676 | 57 % | Note 1 | - | The general credit terms are about 2 to 4 months | (844,227) | (70)% | Note 2 |
| MAM | The Company | The subsidiary held 100 percentage shares by MAS | (Sale) | (1,579,676) | (88) % | " | - | " | 844,227 | 93% | " |
| The Company | MATC | The subsidiary held 80 percentage shares by Synergy | Purchase | 312,666 | 11 % | " | - | " | (53,285) | (4)% | " |
| MATC | The Company | The subsidiary held 80 percentage shares by Synergy | (Sale) | (312,666) | (96) % | " | - | " | 53,285 | 86% | " |
| The Company | MAY | The subsidiary held 100 percentage shares by Synergy | Purchase | 394,673 | 14 % | " | - | " | (146,982) | (12)% | " |
| MAY | The Company | The subsidiary held 100 percentage shares by Synergy | (Sale) | (394,673) | (67) % | " | - | " | 146,982 | 60% | " |
| The Company | MAP | The Company held 36.2 percentage shares of the invested company | Purchase | 156,410 | 6 % | " | - | - | 62,411 | 5% | - |
| MAM | MAP | The Company held 36.2 percentage shares of the invested company | Purchase | 306,893 | 27 % | " | - | " | (68,997) | (32)% | - |
| GIT | MAY | The subsidiary held 100 percentage shares by Synergy | Purchase | 167,098 | 86 % | " | - | - | (97,801) | (87)% | Note 2 |
| MAY | GIT | The subsidiary held 100 percentage shares by MAT | (Sale) | (167,098) | (26) % | " | - | - | 97,801 | 40% | " |

Note 1: Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

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MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period (Note 1) | Allowance for bad debts |
|-----------------|---------------|--|----------------|---------------|---------|--------------|--|-------------------------|
| | | | | | Amount | Action taken | | |
| MAM | The Company | The subsidiary held 100 percentage shares by MAS | 844,227 | 1.77 | - | - | 141,658 | - |
| MAY | The Company | The subsidiary held 100 percentage shares of Synergy | 146,982 | 2.33 | - | - | 43,452 | - |

Note 1: Until February 28, 2021.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

Disclosure of the amounts exceeding the \$10,000.

| No. | Name of company | Name of counter-party | Nature of relationship | Intercompany transactions | | | |
|-----|-----------------|-----------------------|------------------------|---------------------------|-----------|---------------|--|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | The Company | MAM | 1 | Purchase | 1,579,676 | Note 3 | 40.61% |
| | | | | Accounts payable | 844,227 | " | 18.07% |
| 0 | " | MAY | 1 | Purchase | 394,673 | " | 10.15% |
| | | | | Accounts payable | 146,982 | " | 3.15% |
| 0 | " | MATC | 1 | Purchase | 312,666 | " | 8.04% |
| | | | | Accounts payable | 53,285 | " | 1.14% |
| 0 | " | MAA | 1 | Other Receivables | 14,240 | Loans | 0.30% |
| 1 | MAM | MUM | 3 | Purchase | 18,070 | Note 4 | 0.46% |
| 1 | MAM | MUM | 3 | Purchase (Equipment) | 32,302 | Note 3 | 0.83% |
| 2 | MUS | MUM | 3 | Other Receivables | 15,379 | Loans | 0.33% |
| 3 | GIT | MAY | 3 | Purchase | 167,098 | Note 3 | 4.30% |
| | | | | Accounts payable | 97,801 | " | 2.09% |
| 4 | MAS | MAM | 3 | Service revenue | 21,881 | " | 0.56% |

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The purchase price paid to related parties is negotiated after considering the cost incurred. In addition, capital allocation of these related parties is decided by the Company. The netting off on accounts receivable and accounts payables concerning purchase transactions, advance payment on behalf of the associated company, and the provision of labor income is agreed upon by both parties. Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed upon by both parties.

Note 4: Payment term given to related parties is INV 60 days; any further adjustment on the term will have to be agreed by both parties.

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MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2020 | | | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|------------------|------------------|-----------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|--------|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of ownership | Carrying value | | | | |
| The Company | MAS | Singapore | Market development and customer service | 353,522 | 353,522 | 18,564 | 100.00 % | 1,458,060 | 100.00 % | (177,217) | (177,219) | Note 1 |
| The Company | Synergy | Samoa | Holding company | 791,816 | 791,816 | 24,312 | 100.00 % | 507,641 | 100.00 % | (90,078) | (93,413) | " |
| The Company | MATH | Thailand | Manufacturing and sale of machinery components | 433,606 | 433,606 | 262 | 100.00 % | 70,242 | 100.00 % | (4,323) | (4,323) | " |
| The Company | MAUS | USA | Information collection on hardware | 968 | 968 | 30 | 100.00 % | 4,302 | 100.00 % | 29 | 29 | " |
| The Company | Good Master | Caymen | Holding company | 239,894 | 239,894 | 7,490 | 100.00 % | 19,666 | 100.00 % | 3,600 | (2,861) | " |
| The Company | Green far | Taiwan | Energy | 12,000 | 12,000 | 1,200 | 100.00 % | 18,665 | 100.00 % | 3,518 | 3,518 | " |
| The Company | MAP Tech. | Singapore | Holding company | 260,791 | 260,791 | 66,913 | 46.60 % | - | 46.60 % | (1,091) | - | - |
| The Company | MAP | Taiwan | Manufacturing of electronic parts and components | 512,804 | 487,115 | 27,877 | 36.20 % | 642,760 | 36.20 % | 29,987 | 12,010 | - |
| The Company | Ablytek | Taiwan | Manufacturing and sales solar mold | 209,885 | 209,885 | 16,229 | 27.05 % | - | 27.05 % | (25,813) | - | - |
| The Company | NPG | Samoa | Holding company | 91,568 | 91,568 | 3,010 | 100.00 % | (26,270) | 100.00 % | (66,454) | (66,650) | Note 1 |
| The Company | GIT | Taiwan | Sale and retail of electronic materials | 5,000 | 5,000 | 500 | 100.00 % | 32,663 | 100.00 % | 26,947 | 26,947 | " |
| MAS | MAM | Malaysia | Manufacture and sale of hard disk drive components | 333,937 | 333,937 | 60,000 | 100.00 % | 1,425,242 | 100.00 % | (174,755) | (174,757) | " |
| Synergy | MATC | Malaysia | Manufacture and sale of hard disk drive components | 406,648 | 406,648 | 42,107 | 80.00 % | 148,061 | 80.00 % | (145,104) | (116,083) | " |
| Good Master | MUS | Singapore | Holding company | 239,201 | 239,201 | 11,800 | 69.41 % | 22,190 | 69.41 % | 5,238 | (2,825) | " |
| MUS | MUM | Malaysia | Manufacture and sale of hard disk drive components | 347,134 | 347,134 | 35,996 | 100.00 % | (6,945) | 100.00 % | 5,396 | (1,065) | " |

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) (Note 1) | Book value (Note 1) | Highest Percentage of ownership | Accumulated remittance of earnings in current period |
|------------------|---|---------------------------------|--|---|------------------|--------|---|-------------------------------------|-------------------------|-------------------------------------|---------------------|---------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | |
| MAY | Manufacturing sale of machinery components and customer service | 400,857 (USD12,000 thousands) | Remittance from third-region company Synergy to invest in Mainland China | 385,168 (USD11,512 thousands) | - | - | 385,168 (USD11,512 thousands) | 26,042 | 100% | 22,707 | 363,139 | 100% | - |
| MAA | Manufacture and sale of automatic devices | 91,270 (USD3,000 thousands) | Remittance from third-region company NPG to invest in Mainland China | 91,270 (USD2,000 thousands) | - | - | 91,270 (USD3,000 thousands) | (66,413) | 100% | (66,609) | (26,456) | 100% | - |

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MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
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Note 1: The investment income (loss) were based on financial statements audited by the auditor of the Company.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|--|--|---------------------------|
| 479,610 | 520,548 | 1,704,006 |

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

The major shareholders information is based on the last business day of the end of each quarter by TDCC (Taiwan Depository & Clearing Corporation), which calculated that the total number of ordinary shares and special shares registration of non-physical securities (including treasury shares) that have been reached more than 5%. The Consolidated Company does not disclose the information of major shareholders, because there are no shareholders holding more than 5% of the shares.

(14) Segment information:

(a) General information

The Group identifies its operating segments based on the decision of the chief operating decision maker (CODM). The Group’s operating segments are EMS (Electronics Manufacturing Service), Automatic Equipment Service, and Commerce Service. Except for EMS, the operating segments did not meet the quantitative threshold for individually reportable segments nor are they aggregated with other operating segments.

EMS’s main operating activities are designing and manufacturing consumer electronics end products. Those of Automatic Equipment Service are designing and manufacturing automatic machinery for industrial use. The main operating activity of Commerce Service is trading business. Since the strategy of each segment is different, it is necessary to separate them for management.

(b) Reportable segments and operating segment information

The Consolidated Company assessed performance of the segments based on the segments’ profit, and the accounting policy of the segments is the same as that described in the summary of significant accounting policies.

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MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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The Group's segment financial information was as follows:

| | For the years ended December 31, 2020 | | | |
|-----------------------|--|-----------------|---|---------------------|
| | EMS | Others | Adjustments and eliminations | Total |
| External revenue | \$ 3,509,661 | 379,845 | - | 3,889,506 |
| Intra-group revenue | - | - | - | - |
| Total segment revenue | <u>\$ 3,509,661</u> | <u>379,845</u> | <u>-</u> | <u>3,889,506</u> |
| Segment loss | <u>\$ (200,414)</u> | <u>(78,408)</u> | <u>-</u> | <u>(278,822)</u> |
| Segment total assets | | | | <u>\$ 4,671,659</u> |
| | For the years ended December 31, 2019 | | | |
| | EMS | Others | Adjustments and eliminations | Total |
| External revenue | \$ 4,935,738 | 468,941 | - | 5,404,679 |
| Intra-group revenue | - | - | - | - |
| Total segment revenue | <u>\$ 4,935,738</u> | <u>468,941</u> | <u>-</u> | <u>5,404,679</u> |
| Segment loss | <u>\$ (482,635)</u> | <u>(10,729)</u> | <u>-</u> | <u>(493,364)</u> |
| Segment total assets | | | | <u>\$ 5,433,900</u> |

(c) Product and service information

The Group's product revenues from exterior clients were as follows:

| Product | 2020 | 2019 |
|----------------|---------------------|------------------|
| VCM | \$ 1,366,123 | 1,431,297 |
| APFA | 460,405 | 1,792,754 |
| EHD | 431,631 | 407,709 |
| COVER | 328,873 | 510,068 |
| HDD | 255,518 | 203,522 |
| OPTICS | 244,810 | 92,439 |
| CSA/RAMP | 207,254 | 250,247 |
| Others | 594,892 | 716,643 |
| | <u>\$ 3,889,506</u> | <u>5,404,679</u> |

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

(d) Geographic information

The Group's non-current assets are located in Asia, and its revenue from external clients by geographical location was as follows:

| <u>Geographic area</u> | <u>2020</u> | <u>2019</u> |
|------------------------|---------------------|------------------|
| Thiland | \$ 2,514,361 | 3,567,697 |
| Mainland China | 526,097 | 259,462 |
| USA | 418,673 | 475,617 |
| Malaysia | 79,067 | 657,083 |
| Others | 351,308 | 444,820 |
| | <u>\$ 3,889,506</u> | <u>5,404,679</u> |

(e) Major customers

Sales to individual clients constituting over 10% of total revenue in 2020 and 2019 are summarized as follows:

| | <u>2020</u> | | <u>2019</u> | |
|---|---------------------|------------------------------------|------------------|------------------------------------|
| | <u>Revenue</u> | <u>Percentage of net sales</u> | <u>Revenue</u> | <u>Percentage of net sales</u> |
| Western Digital (Thailand) Company | \$ 1,879,944 | 48 | 2,837,265 | 52 |
| Western Digital (M) Sdn. Bhd. | 504,049 | 13 | 594,872 | 11 |
| Hitachi Global Storage Technologies Inc. (USA) | 401,914 | 10 | 433,651 | 8 |
| | <u>\$ 2,785,907</u> | <u>71</u> | <u>3,865,788</u> | <u>71</u> |