

M31 Technology Corporation

2021 Annual Shareholders' Meeting

Agenda **(Translation)**

Time: 9:00AM, May 27, 2021

Place: Multifunction Meeting Room, 2F., No.3, Tai-Yuan 1st Street,
Zhubei City, Hsinchu County, Taiwan

Notice to Readers

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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M31 Technology Corporation

2021 Annual Shareholders' Meeting Procedure

1. Commencement of the Meeting
2. Chairman's Address
3. Report Items
4. Matters for Ratification
5. Matters for Discussion
6. Matters of Election
7. Other Motions
8. Extemporaneous Motions
9. Adjournment

M31 Technology Corporation

2021 Annual Shareholders' Meeting Agenda

Time: 9:00 AM on Thursday, May 27, 2021

Place: Multifunction Meeting Room, 2F., No.3, Tai-Yuan 1st Street,
Zhubei City, Hsinchu County, Taiwan.

Chairman: Yuan-Hsun Chang, the Chairman of Board of Directors

1. Commencement of the Meeting (announce the number of shares in attendance)
2. Chairman's Address
3. Report Items
 - (1) 2020 Business report.
 - (2) Audit Committee's Review Report.
 - (3) Report the 2020 remuneration of Directors and distribution of employee compensation.
4. Matters for Ratification
 - (1) 2020 Business Report and Financial Statements.
 - (2) 2020 Profit Distribution.
5. Matters for Discussion
 - (1) Amendments to the "Articles of Incorporation".
 - (2) Proposal for issuance of new shares for employee restricted stock awards.
6. Matters of Election
 - (1) By-elect one Director at the Board of Directors of the Fourth Term.
7. Other Motions
 - (1) Proposal of Removing the Prohibition on Directors from Participation in Competitive Business Newly Added.
8. Extemporaneous Motions
9. Adjournment

Report Items

Report No. 1 Proposed by the Board of Directors

Subject : Report on the Business of 2020.

Explanation : Please refer to the 2020 Business Report (Attachment 1, pages 7 to 9).

Report No. 2 Proposed by the Board of Directors

Subject : Audit Committee's Review Report of 2020.

Explanation : Please refer to the Audit Committee's Review Report of 2020 (Attachment 2, page 10).

Report No. 3 Proposed by the Board of Directors

Subject : Report the 2020 remuneration of Directors and distribution of employee compensation.

Explanation : 1. According to Article 23 of the Company's Articles of Incorporation "If there is any pre-tax profit, no less than 1% of the profit shall be distributed to eligible employees, and no more than 1.5% of the profit as remuneration to directors. If there are accumulated losses, the pre-tax profit should be reserved to offset the accumulated losses".

2. As approved by the board of directors, the 1.09% appropriation for directors' remuneration and the 1.09% appropriation for employees' compensation amounted to NT\$4,200,000 for the year ended December 31, 2020, both of which will be paid in cash.

Matters for Ratification

Proposal No. 1 Proposed by the Board of Directors

Subject : 2020 Business Report and Financial Statements.

Explanation : 1. The Business Report of 2020, Consolidated and Parent Company Only Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows) have been approved by the sixth Meeting of the Board of Directors of the Fourth Term.

2. The preceding mentioned Consolidated and Parent Company Only Financial Statements audited by the certified public accountants Yu-Feng Huang and Mei-Chen Tsai of Deloitte & Touche with the proposed audit report.

3. The preceding mentioned Business Report, Consolidated and Parent Company Only Financial Statements had been submitted to the Audit Committee for review, and the review report was issued accordingly.

4. Please refer to the 2020 Business Report (Attachment 1, pages 7 to 9), Independent Auditors' Report and Financial Statements (Attachments 3&4, pages 11 to 28).

Resolution :

Proposal No. 2

Proposed by the Board of Directors

Subject : 2020 Profit Distribution.

Explanation : 1.The proposed distribution of profit is to distribute distributable earnings for the year 2020 in the amount of NT\$248,856,000 (NT\$8 per share) and to distribute all cash dividends to shareholders. (The cash dividend is calculated based on the number of outstanding common shares of 31,107,000 as of February 22, 2021, and the total amount to be distributed to each shareholder is calculated up to NT\$1, any cash dividends less than NT\$1 will be transferred to the Employee Benefit Committee of the Company).

2.The preceding mentioned distribution of cash dividends is proposed to be authorized to the Board of Directors by the Annual Shareholders' Meeting to set the ex-dividend date.

3.If the total number of outstanding shares of the Company is subsequently affected for any reason, the Chairman is authorized to adjust the distribution ratio based on the actual number of outstanding shares of the Company on the date of dividend distribution in accordance with the total amount of earnings to be distributed at the shareholders' meeting.

4.Please refer to the proposed 2020 Statement of Profit Distribution (Attachment 5, page 29).

Resolution :

Matters for Discussion

Proposal No. 1

Proposed by the Board of Directors

Subject : Amendment to the "Articles of Incorporation".

Explanation : In order to meet the current laws and regulations and the actual needs of the Company, some provisions of the Company's "Articles of Incorporation" are amended as follows:

Article	Original Article	Amendment of Article	Note
Article 1	The Company is organized in accordance with the provisions of the Company Act and is named as M31 Technology Corporation.	The Company is organized in accordance with the provisions of the Company Act and <u>its English name is "M31 Technology Corporation"</u> . (in the English language)	Added the English name of the company.
Article 26	Articles of Incorporation were established on October 5, 2011. First Amendment on January 13, 2012 Second Amendment on March 13, 2012 Third Amendment on April 17, 2012 Fourth Amendment on March 25, 2013 Fifth Amendment on June 25, 2014 Sixth Amendment on June 28, 2016 Seventh Amendment on May 9, 2017 Eighth Amendment on May 24, 2018 Ninth Amendment on November 13, 2018	Articles of Incorporation were established on October 5, 2011. First Amendment on January 13, 2012 Second Amendment on March 13, 2012 Third Amendment on April 17, 2012 Fourth Amendment on March 25, 2013 Fifth Amendment on June 25, 2014 Sixth Amendment on June 28, 2016 Seventh Amendment on May 9, 2017 Eighth Amendment on May 24, 2018 Ninth Amendment on November 13, 2018 <u>Tenth Amendment on May 27, 2021</u>	Added amendment date and number

Resolution :

Proposal No. 2

Proposed by the Board of Directors

Subject : Issuance of new shares for employee restricted stock awards (RSA).

Explanation : To attract and retain required professional talents, motivate employees and enhance employee loyalty to jointly create profits for the Company and shareholders. For details, please refer to Attachment 6, pages 30 to 32.

Resolution :

Matters of Election

Proposal No. 1

Proposed by the Board of Directors

Subject : To elect one Director at the Board of Directors Meeting of the Fourth Term.

Explanation : 1.Mr. Hsiao-Ping Lin, Chairman of the Board, passed away on January 9, 2021 due to illness, and it is proposed to hold an election for the fourth term of the Board of Directors at this year's Annual Shareholders' Meeting, the term of the new director will be from the date of election to May 28, 2023.

2.Article 15 of the Company's Articles of Incorporation provides that "A candidate nomination system shall be adopted for the election of directors, and shareholders shall elect from a list of candidates for directors".

3.The election is held in accordance with the "Method for Election of Directors".

4.The list of director candidates was reviewed and approved by the Company's Board of Directors on February 23, 2021, as follows:

Category	Name	Shares held	Experience(Education) and Current Position
Director	Huey-Ling Chen	4,554,000	Experience(Education): -Ph.D. National Tsinghua University, Dept. of Computer Science -MS University of California at Santa Barbara, Dept. of Computer -BS National Taiwan University, Dept. of Information Engineering -Science Senior Software Engineer, Cadence -Associate professor, Minghsin University of Science and Technology - Supervisor, M31 Technology Corporation Current Position: - Chairman, Sirius Venture Ltd. - Chairman, Jui-Chun Investment Company Limited

Election Results:

Other Motions

Proposal No. 1

Proposed by the Board of Directors

Subject : Proposal of Removing the Prohibition on Directors from Participation in

Competitive Business Newly Added.

Explanation : 1.This is processed pursuant to the provision in Article 209 of the CompanyAct that“A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.

2.In order to leverage the expertise and experience of the Company's directors, it is proposed to remove the prohibition on Directors from participation in competitive business, please refer to the following:

Directors Name (including Independent Directors)	Other Positions
Yuan-Hsun Chang	Chairman, M31 TECHNOLOGY USA, INC. Chairman, M31 TECHNOLOGY(ShangHai) INC.
Tsung-Hsi Ko	Vice President, GiGa Solar Materials Corp.
Jun-Ji Lin	Director, PentaPro Materials Inc.
Huey-Ling Chen	Chairman, Sirius Venture Ltd.

Resolution :

Extemporary Motions

Adjournment

M31 Technology Corporation

Business Report

Dear Shareholders,

We would like to thank our shareholders for their long term support and care for M31 Technology. We would like to report on the results of operations for FY2020 and a summary of the business plan for FY2021.

1. FY2020 Operating Results

A. Business Plan Implementation Results

- a. Operating revenue for the year was NT\$981,016 thousand, an annual increase of 12.88% compared to the operating revenue of NT\$869,077 thousand in 2019. The gross profit margin for both years was 100%. 88.45% of the revenue from technical services and 11.55% of the revenue from royalties were generated in FY2020.
- b. Net income after tax was NT\$322,248 thousand, with a net profit margin of 32.85%, an annual increase of 4.43% compared to the net income after tax of NT\$308,565 thousand in 2019, and earnings per share of NT\$10.34 in 2020.

B. Financial Budget: M31 did not prepare the annual financial projection for the year 2020.

C. Analysis of financial income and profitability

Item		Year		
		FY 2020	FY 2019	Difference
Finance Income (NTD in Thousands)	Net cash generated from operating activities	385,631	359,557	26,074
	Net cash used in investing activities	(145,322)	(458,465)	313,143
	Net cash generated from/(used in) financing activities	(291,836)	339,897	-631,733
Profitability (%)	Return on Assets	19.21	24.15	-20.46%
	Return on Equity	21.84	28.22	-22.61%
	Net income before tax as a percentage of paid-in capital	120.21	115.58	4.01%
	Net profit ratio	32.85	35.50	-7.46%
	Earnings per share (NT\$)	10.34	9.90	4.44%

D. Research and development

M31 Technology Corporation's research and development this year can be divided into the following two main product lines:

- Functional IP: M31 has two existing categories: the high-speed interface IP and analog IP. Among the high-speed interface IP, PCIe, USB, MIPI, SerDes PHY have been developed on a series of 12nm, 16nm, 22nm and 28nm advanced process platforms, and the first 7nm eUSB2 PHY has been launched this year, and has been certified and adopted by the US major manufacturers. The latest high-end versions of USB4.0,

PCIe5.0, and MIPI M-PHY4.0 have also completed the design phase, and the future layout of advanced processes and high-end applications are becoming more mature and complete. Besides, analog IP, including ADC, PLL, PVT Sensor, etc. have been completed 22nm and 28nm design, and into the 12nm and 16nm development. Functional IP products are used in various applications, such as smartphones, cloud storage, automotive electronics, artificial intelligence, network communication, IoT, and wearable devices.

- **Foundation IP:** We have three existing categories: Standard Cell, I/O, and Memory Compiler. This year, we have completed a special process of 28nm High-Voltage for OLED driver, 28nm embedded Flash for automotive/industrial microcontroller, and 90nm BCD+ for power management IC. In addition to the special process, we have also completed various fundamental IPs for the 22nm and 28nm logic process, which are mainly used in the design of mid-range and high-end consumer electronic products and have been adopted by many international IC design majors.

By the end of 2020, M31 Technology has developed over 260 sets of fundamental IP and over 180 sets of high speed interface IP and analog IP, about half of which are for TSMC process platforms and 1/3 of which are for 28nm and below advanced process technologies.

2. Business Plan Outline for 2021

A. Current year's Operating Policy

In the era of 5G big data, high frequency and high speed are the future trends of design and application. In order to keep up with the new industry trends, M31 continues to deploy more advanced process IP, leading-edge technology applications, and more diversified products and services to deepen its innovation and technology capabilities and actively expands its physical IP development cooperation with major global foundries and IC design houses to continue to provide high-performance silicon solutions for the global semiconductor industry, and continuously inject new revenue growth momentum. M31 Technology will continue to maintain a positive growth target in 2021.

B. Growth and Sales Expectation

The future of semiconductor industry is driven by 5G, AI, high-speed computing, etc. The development trend is based on big data. According to the market research report, the global IP market will grow at a CAGR (compound annual growth rate) of 6~10%, and the CAGR of high-speed transmission interface is as high as 14~15%. M31 Technology continues to focus on the industry trend of high frequency and high speed, advanced process technology and leading edge technology in R&D and sales. With more complete product layout and improved product performance, the overall sales volume and value are expected to exceed 2020 in 2021, and the annual growth continues to rise.

C. Production and Marketing

M31 Technology's main markets are Mainland China, the United States, and Taiwan. However, the IP needs of customers in these three regions are slightly different.

Mainland China: Semiconductor is a national strategic industry, including IC production and design. New foundries and IC design companies are rapidly increasing, with a wide range of end products covering high, medium, and low end applications. In addition to the demand for advanced logic process high speed transmission such as CPU, networking, AI, 5G Station, etc.,

there is also a huge market for special process power ICs, display driver ICs, and microcontroller ICs. The overall design and marketing strategy is a comprehensive IP product layout.

United States: Customer IP demand has mostly moved into high-end applications such as mobile computing, artificial intelligence, high-end storage, and cloud servers, with marketing strategies focused on advanced processes and high-speed computing transmission products and services.

Taiwan : In addition to TSMC's new process fundamental IP development, Taiwan's IC design mostly belongs to consumer electronics, logic process technology locked in 22nm, 28nm and 40nm, special process, HV for LCD, LED, OLED driver IC, BCD for Power IC, e-Flash for MCU, is also an important application market for Taiwan's design houses.

3. Future Development Strategies

The overall development strategy can be broken down into breadth, depth, and integration:

- Breadth

Expanding product lines and services is a direct way to increase revenue. We will develop and design new product lines with different types and specifications according to the market demand and trend of Interface IP, Memory IP, and Analog IP. In addition, we will utilize our existing resources to expand the scope and content of our custom IP services to maximize the benefits for both our customers and M31 Technologies.

- Depth

Continuing to advance to more advanced processes is a demonstration of R&D capability, especially for physical IP, and the integration of fab process technology is an indicator of competitiveness and profitability. Below 10nm (7nm, 5nm, 4nm and 3nm) is the new blue ocean market for chip leaders; 12nm~16nm is an important technology platform for high speed computing applications; 22nm and 28nm is the manufacturing process for mid to high end consumer ICs to optimize cost and performance. These three process technology platforms are the focus of M31's long-term growth.

- Integration

M31 Technology is currently focusing on four types of IP products (Foundation IP, Interface IP, Memory IP and Analog IP), and with the progress of the development of each product, the logic process of 22nm and 28nm has been designed and validated, and formed a Platform IP that can integrate a variety of IP solutions. In addition to providing customers with multiple choices and convenience, can also increase the penetration rate of IP within ICs. In the future, we will continue to build more Platform IPs in more advanced processes (12nm and 16nm) to integrate a more complete IP portfolio.

4. External Competitive, Regulatory, and Overall Business Environment.

In order to enhance our overall competitiveness, M31 Technology is committed to differentiate its basic product specifications, product and service quality, expand its product line and service content, and actively enhance its international brand image to meet the competition and challenges from international manufacturers. On the other hand, M31 Technology complies with the relevant laws and regulations for listed companies and pays attention to the operational risks arising from interest rates and exchange rates in order to create maximum benefits for shareholders.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 business report, financial statements, and proposal for distribution of profits. The CPA firm of Deloitte & Touche was retained to audit M31's financial statements (Consolidated and Parent Company Only) and has issued an audit report relating to the financial statements. The business report, financial statements, and profit distribution proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

M31 Technology Corporation

Chairman of the Audit Committee: Shih-Ying Huang

February 23, 2021

DELOITTE

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

M31 Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 for the year ended December 31, 2020. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Group's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 10, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Group's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2020, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

Other Matter

We have also audited the parent company only financial statements of M31 Technology Corporation 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect 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.

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$527,760	30	\$589,555	37
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	444,616	25	504,867	31
Financial assets at amortized cost - current (Notes 4 and 9)	227,840	13	73,960	5
Accounts receivable (Notes 4, 5, 10 and 20)	254,612	15	179,282	11
Other receivables	95	-	482	-
Current tax assets (Notes 4 and 22)	41,567	2	28,005	2
Prepayments (Note 15)	15,816	1	17,550	1
Other current assets (Notes 15 and 29)	8,475	1	1,868	-
Total current assets	<u>1,520,781</u>	<u>87</u>	<u>1,395,569</u>	<u>87</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	28,000	2	9,350	1
Property, plant and equipment (Notes 4 and 12)	175,035	10	168,976	11
Right-of-use assets (Notes 4 and 13)	4,186	-	9,509	1
Intangible assets (Notes 4 and 14)	7,775	-	2,347	-
Deferred tax assets (Notes 4 and 22)	7,867	-	7,841	-
Other non-current assets (Note 15)	13,118	1	6,123	-
Total non-current assets	<u>235,981</u>	<u>13</u>	<u>204,146</u>	<u>13</u>
TOTAL	\$ 1,756,762	100	\$ 1,599,715	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 20)	\$90,167	5	\$27,531	2
Accounts payable (Note 16)	3,085	-	2,079	-
Other payables (Note 17)	114,637	7	89,670	6
Current tax liabilities (Notes 4 and 22)	28,861	2	23,607	1
Lease liabilities - current (Notes 4 and 13)	3,074	-	7,652	1
Other current liabilities (Note 17)	6,809	-	5,614	-
Total current liabilities	<u>246,633</u>	<u>14</u>	<u>156,153</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	-	-	60	-
Lease liabilities - non-current (Notes 4 and 13)	1,095	-	1,933	-
Total non-current liabilities	<u>1,095</u>	<u>-</u>	<u>1,993</u>	<u>-</u>
Total liabilities	<u>247,728</u>	<u>14</u>	<u>158,146</u>	<u>10</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	313,180	18	313,180	19
Capital surplus	634,551	36	634,551	40
Retained earnings				
Legal reserve	92,583	6	61,727	4
Unappropriated earnings	493,824	28	428,928	27
Total retained earnings	586,407	34	490,655	31
Other equity	22,960	1	3,183	-
Treasury Shares	(48,064)	(3)	-	-
Total equity	<u>1,509,034</u>	<u>86</u>	<u>1,441,569</u>	<u>90</u>
TOTAL LIABILITIES AND EQUITY	\$ 1,756,762	100	\$ 1,599,715	100

The accompanying notes are an integral part of the consolidated financial statements.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUE (Notes 4 and 20)	<u>\$ 981,016</u>	<u>100</u>	<u>\$ 869,077</u>	<u>100</u>
GROSS PROFIT	<u>981,016</u>	<u>100</u>	<u>869,077</u>	<u>100</u>
OPERATING EXPENSES (Notes 14 and 21)				
Selling and marketing expenses	(50,918)	(6)	(48,247)	(6)
General and administrative expenses	(89,343)	(9)	(96,535)	(11)
Research and development expenses	(420,785)	(43)	(364,895)	(42)
Expected credit (loss) gain (Notes 4, 5 and 10)	(<u>1,725</u>)	-	<u>10,493</u>	<u>1</u>
Total operating expenses	(<u>562,771</u>)	(<u>58</u>)	(<u>499,184</u>)	(<u>58</u>)
OPERATING INCOME	<u>418,245</u>	<u>42</u>	<u>369,893</u>	<u>42</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 21)	6,844	1	6,842	1
Other income (Notes 4 and 21)	1,075	-	763	-
Other gains and losses (Notes 4 and 21)	(49,554)	(5)	(15,172)	(2)
Finance costs (Note 21)	(<u>132</u>)	-	(<u>342</u>)	-
Total non-operating income and expenses	(<u>41,767</u>)	(<u>4</u>)	(<u>7,909</u>)	(<u>1</u>)
PROFIT BEFORE INCOME TAX	376,478	38	361,984	41
INCOME TAX EXPENSE (Notes 4 and 22)	(<u>54,230</u>)	(<u>5</u>)	(<u>53,419</u>)	(<u>6</u>)
NET PROFIT FOR THE YEAR	<u>322,248</u>	<u>33</u>	<u>308,565</u>	<u>35</u>

(Continued)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	\$ 28,703	3	(\$ 10)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 19)	(671)	-	(442)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19 and 22)	134	-	88	-
	(537)	-	(354)	-
Other comprehensive income(loss) for the year, net of income tax	28,166	3	(364)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 350,414</u>	<u>36</u>	<u>\$ 308,201</u>	<u>35</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 10.34</u>		<u>\$ 9.90</u>	
Diluted	<u>\$ 10.34</u>		<u>\$ 9.89</u>	

The accompanying notes are an integral part of the consolidated financial statements.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Amount of Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	28,640	\$ 286,400	\$ 53,851	\$ 33,736	\$ 367,580	\$ 287	\$ 3,260	\$ -	\$ 745,114
Appropriation of 2018 earnings									
Legal reserve	-	-	-	27,991	(27,991)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(219,226)	-	-	-	(219,226)
Net profit for the year ended December 31, 2019	-	-	-	-	308,565	-	-	-	308,565
Other comprehensive income(loss) for the year ended December 31, 2019, net of income tax (Note 19)	-	-	-	-	-	(354)	(10)	-	(364)
Total comprehensive income(loss) for the year ended December 31, 2019	-	-	-	-	308,565	(354)	(10)	-	308,201
Proceeds from issuance of ordinary shares (Note 19)	2,678	26,780	578,692	-	-	-	-	-	605,472
Share-based payment (Notes 19 and 24)	-	-	826	-	-	-	-	-	826
Other changes in capital surplus (Note 19)	-	-	1,182	-	-	-	-	-	1,182
BALANCE AT DECEMBER 31, 2019	31,318	313,180	634,551	61,727	428,928	(67)	3,250	-	1,441,569
Appropriation of 2019 earnings									
Legal reserve	-	-	-	30,856	(30,856)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(234,885)	-	-	-	(234,885)
Net profit for the year ended December 31, 2020	-	-	-	-	322,248	-	-	-	322,248
Other comprehensive income(loss) for the year ended December 31, 2020, net of income tax (Note 19)	-	-	-	-	-	(537)	28,703	-	28,166
Total comprehensive income(loss) for the year ended December 31, 2020	-	-	-	-	322,248	(537)	28,703	-	350,414
Purchase of treasury shares (Note 19)	-	-	-	-	-	-	-	(48,064)	(48,064)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 19)	-	-	-	-	8,389	-	(8,389)	-	-
BALANCE AT DECEMBER 31, 2020	31,318	\$ 313,180	\$ 634,551	\$ 92,583	\$ 493,824	(\$ 604)	\$ 23,564	(\$ 48,064)	\$ 1,509,034

The accompanying notes are an integral part of the consolidated financial statements.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 376,478	\$ 361,984
Adjustments for:		
Depreciation expenses	39,382	35,190
Amortization expenses	2,783	2,691
Expected credit loss(gain)	1,725	(10,493)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,548)	(2,840)
Finance costs	132	342
Interest income	(6,844)	(6,842)
Share-based payment	-	826
Gain on disposal of property, plant and equipment	(867)	-
Unrealized loss(gain) on foreign currency exchange	20,770	16,584
Changes in operating assets and liabilities		
Accounts receivable	(75,988)	59,026
Other receivables	387	(241)
Prepayments	1,734	(6,267)
Other current assets	(3)	847
Contract liabilities	62,636	(30,484)
Accounts payable	992	285
Other payables	18,444	4,207
Other current liabilities	<u>1,195</u>	<u>416</u>
Cash generated from operations	441,408	425,231
Interest received	6,844	6,842
Interest paid	(132)	(342)
Income tax paid	<u>(62,489)</u>	<u>(72,174)</u>
Net cash generated from operating activities	<u>385,631</u>	<u>359,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,100)
Disposal of financial assets at fair value through other comprehensive income	10,053	-

(Continued)

	<u>2020</u>	<u>2019</u>
Acquisition of financial assets at amortized cost	(\$ 484,850)	(\$ 13,620)
Disposal of financial assets at amortized cost	318,760	-
Acquisition of financial assets at fair value through profit or loss	(415,000)	(782,000)
Disposal of financial assets at fair value through profit or loss	476,799	330,004
Acquisition of property, plant and equipment	(30,141)	(41,348)
Disposal of property, plant and equipment	867	-
Increase in refundable deposits	(97)	(5,422)
Acquisition of intangible assets	(8,211)	(473)
(Increase) Decrease in other finance assets	(484)	55,494
Increase in prepayments for equipment	(<u>13,018</u>)	<u>-</u>
Net cash used in investing activities	(<u>145,322</u>)	(<u>458,465</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(40,000)
Repayment of the principal portion of lease liabilities	(8,887)	(7,531)
Dividends paid	(234,885)	(219,226)
Proceeds from issuance of ordinary shares	-	608,472
Payments to acquire treasury shares	(48,064)	-
Payment of shares issuance costs	-	(3,000)
Others	<u>-</u>	<u>1,182</u>
Net cash (used in) /generated from financing activities	(<u>291,836</u>)	<u>339,897</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(<u>10,268</u>)	(<u>13,879</u>)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(61,795)	227,110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>589,555</u>	<u>362,445</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 527,760</u>	<u>\$ 589,555</u>

The accompanying notes are an integral part of the consolidated financial statements.

DELOITTE

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

M31 Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of M31 Technology Corporation (the "Company"), which comprise the parent company only balance sheet as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Company's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 10, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Company's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2020, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Mei-Chen Tsai.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 23, 2021

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY BALANCE SHEETS****DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 503,171	29	\$ 571,204	36
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	444,616	25	504,867	31
Financial assets at amortized cost - current (Notes 4 and 9)	227,840	13	73,960	5
Accounts receivable (Notes 4, 5, 10 and 20)	176,919	10	179,282	11
Accounts receivable - related parties (Notes 4, 20 and 28)	86,850	5	4,272	-
Other receivables	89	-	482	-
Current tax assets (Notes 4 and 22)	41,393	2	28,005	2
Prepayments (Note 15)	15,700	1	17,143	1
Other current assets (Notes 15 and 29)	8,508	1	1,868	-
Total current assets	<u>1,505,086</u>	<u>86</u>	<u>1,381,083</u>	<u>86</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	28,000	2	9,350	1
Investments accounted for using the equity method (Notes 4 and 11)	16,100	1	16,037	1
Property, plant and equipment (Notes 4 and 12)	174,986	10	168,841	11
Right-of-use assets (Notes 4 and 13)	1,902	-	9,509	1
Intangible assets (Notes 4 and 14)	7,775	-	2,347	-
Deferred tax assets (Notes 4 and 22)	7,867	-	7,841	-
Other non-current assets (Note 15)	13,018	1	5,964	-
Total non-current assets	<u>249,648</u>	<u>14</u>	<u>219,889</u>	<u>14</u>
TOTAL	<u>\$ 1,754,734</u>	<u>100</u>	<u>\$ 1,600,972</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 20)	\$ 90,167	5	\$ 27,531	2
Accounts payable (Note 16)	3,085	-	2,079	-
Other payables (Note 17)	113,498	7	89,651	6
Other payables - related parties (Note 28)	1,347	-	1,276	-
Current tax liabilities (Notes 4 and 22)	28,861	2	23,607	1
Lease liabilities - current (Notes 4 and 13)	1,933	-	7,652	1
Other current liabilities (Note 17)	6,809	-	5,614	-
Total current liabilities	<u>245,700</u>	<u>14</u>	<u>157,410</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	-	-	60	-
Lease liabilities - non-current (Notes 4 and 13)	-	-	1,933	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>1,993</u>	<u>-</u>
Total liabilities	<u>245,700</u>	<u>14</u>	<u>159,403</u>	<u>10</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	<u>313,180</u>	<u>18</u>	<u>313,180</u>	<u>19</u>
Capital surplus	<u>634,551</u>	<u>36</u>	<u>634,551</u>	<u>40</u>
Retained earnings				
Legal reserve	92,583	6	61,727	4
Unappropriated earnings	493,824	28	428,928	27
Total retained earnings	<u>586,407</u>	<u>34</u>	<u>490,655</u>	<u>31</u>
Other equity	<u>22,960</u>	<u>1</u>	<u>3,183</u>	<u>-</u>
Treasury shares	(48,064)	(3)	-	-
Total equity	<u>1,509,034</u>	<u>86</u>	<u>1,441,569</u>	<u>90</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,754,734</u>	<u>100</u>	<u>\$ 1,600,972</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 28)	\$ 977,942	100	\$ 867,404	100
GROSS PROFIT	977,942	100	867,404	100
OPERATING EXPENSES (Notes 14, 21 and 28)				
Selling and marketing expenses	(49,776)	(5)	(47,776)	(5)
General and administrative expenses	(89,343)	(9)	(96,535)	(11)
Research and development expenses	(420,785)	(43)	(364,892)	(42)
Expected credit (loss)gain (Note 10)	(1,725)	(1)	10,493	1
Total operating expenses	(561,629)	(58)	(498,710)	(57)
OPERATING INCOME	416,313	42	368,694	43
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 21)	6,802	1	6,812	1
Other income (Notes 4 and 21)	1,059	-	760	-
Other gains and losses (Notes 4 and 21)	(49,124)	(5)	(15,148)	(2)
Finance costs (Note 21)	(87)	-	(342)	-
Share of profit of subsidiaries (Note 4)	734	-	1,183	-
Total non-operating income and expenses	(40,616)	(4)	(6,735)	(1)
PROFIT BEFORE INCOME TAX	375,697	38	361,959	42
INCOME TAX EXPENSE (Notes 4 and 22)	(53,449)	(5)	(53,394)	(6)
NET PROFIT FOR THE YEAR	322,248	33	308,565	36

(Continued)

	2020		2019	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	<u>\$ 28,703</u>	<u>3</u>	(<u>\$ 10</u>)	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on Translating the financial statements of foreign operations (Notes 4 and 19)	(671)	-	(442)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19 and 22)	<u>134</u>	<u>-</u>	<u>88</u>	<u>-</u>
	(<u>537</u>)	<u>-</u>	(<u>354</u>)	<u>-</u>
Other comprehensive income(loss) for the year, net of income tax	<u>28,166</u>	<u>3</u>	(<u>364</u>)	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 350,414</u>	<u>36</u>	<u>\$ 308,201</u>	<u>36</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 10.34</u>		<u>\$ 9.90</u>	
Diluted	<u>\$ 10.34</u>		<u>\$ 9.89</u>	

The accompanying notes are an integral part of the parent company only financial statements.

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Amount of Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	28,640	\$ 286,400	\$ 53,851	\$ 33,736	\$ 367,580	\$ 287	\$ 3,260	\$ -	\$ 745,114
Appropriation of 2018 earnings									
Legal reserve	-	-	-	27,991	(27,991)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(219,226)	-	-	-	(219,226)
Net profit for the year ended December 31, 2019	-	-	-	-	308,565	-	-	-	308,565
Other comprehensive income(loss) for the year ended December 31, 2019, net of income tax (Note 19)	-	-	-	-	-	(354)	(10)	-	(364)
Total comprehensive income(loss) for the year ended December 31, 2019	-	-	-	-	308,565	(354)	(10)	-	308,201
Proceeds from issuance of ordinary shares (Note 19)	2,678	26,780	578,692	-	-	-	-	-	605,472
Share-based payment (Notes 19 and 24)	-	-	826	-	-	-	-	-	826
Other changes in capital surplus (Note 20)	-	-	1,182	-	-	-	-	-	1,182
BALANCE AT DECEMBER 31, 2019	31,318	313,180	634,551	61,727	428,928	(67)	3,250	-	1,441,569
Appropriation of 2019 earnings									
Legal reserve	-	-	-	30,856	(30,856)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(234,885)	-	-	-	(234,885)
Net profit for the year ended December 31, 2020	-	-	-	-	322,248	-	-	-	322,248
Other comprehensive income(loss) for the year ended December 31, 2020, net of income tax (Note 19)	-	-	-	-	-	(537)	28,703	-	28,166
Total comprehensive income(loss) for the year ended December 31, 2020	-	-	-	-	322,248	(537)	28,703	-	350,414
Purchase of treasury shares (Note 19)	-	-	-	-	-	-	-	(48,064)	(48,064)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 19)	-	-	-	-	8,389	-	(8,389)	-	-
BALANCE AT DECEMBER 31, 2020	31,318	\$ 313,180	\$ 634,551	\$ 92,583	\$ 493,824	(\$ 604)	\$ 23,564	(\$ 48,064)	\$ 1,509,034

The accompanying notes are an integral part of the parent company only financial statements.

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 375,697	\$ 361,959
Adjustments for:		
Depreciation expenses	38,114	35,100
Amortization expenses	2,783	2,691
Expected credit loss(gain)	1,725	(10,493)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,548)	(2,840)
Finance costs	87	342
Interest income	(6,802)	(6,812)
Share-based payment	-	826
Share of profit of subsidiaries	(734)	(1,183)
Gain on disposal of property, plant and equipment	(867)	-
Unrealized loss(gain) on foreign currency exchange	21,512	16,584
Changes in operating assets and liabilities		
Accounts receivable	1,373	47,820
Accounts receivable - related parties	(83,013)	12,875
Other receivables	393	(482)
Prepayments	1,443	(5,970)
Other current assets	(36)	847
Contract liabilities	62,636	(30,484)
Accounts payable	992	285
Other payables	17,348	4,273
Other payables - related parties	71	17
Other current liabilities	<u>1,195</u>	<u>416</u>
Cash generated from operations	432,369	425,771
Interest received	6,802	6,812
Interest paid	(87)	(342)
Income tax paid	<u>(61,534)</u>	<u>(72,148)</u>
Net cash generated from operating activities	<u>377,550</u>	<u>360,093</u>

(Continued)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 1,100)
Disposal of financial assets at fair value through other comprehensive income	10,053	-
Acquisition of financial assets at amortized cost	(484,850)	(13,620)
Disposal of financial assets at amortized cost	318,760	-
Acquisition of financial assets at fair value through profit or loss	(415,000)	(782,000)
Disposal of financial assets at fair value through profit or loss	476,799	330,004
Acquisition of property, plant and equipment	(30,141)	(41,348)
Disposal of property, plant and equipment	867	-
Increase in refundable deposits	(156)	(5,313)
Acquisition of intangible assets	(8,211)	(473)
(Increase)Decrease in other finance assets	(484)	55,494
Increase in prepayments for equipment	(13,018)	-
Net cash used in investing activities	<u>(145,381)</u>	<u>(458,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(40,000)
Repayment of the principal portion of lease liabilities	(7,652)	(7,531)
Dividends paid	(234,885)	(219,226)
Proceeds from issuance of ordinary shares	-	608,472
Payments to acquire treasury shares	(48,064)	-
Payment of shares issuance costs	-	(3,000)
Others	<u>-</u>	<u>1,182</u>
Net cash (used in) /generated from financing activities	<u>(290,601)</u>	<u>339,897</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(9,601)</u>	<u>(13,364)</u>
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS		
	(68,033)	228,270
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>571,204</u>	<u>342,934</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 503,171</u>	<u>\$ 571,204</u>

The accompanying notes are an integral part of the parent company only financial statements..

M31 Technology Corporation Statement of Profit Distribution 2020

Unit : NT\$

	Amount
Beginning Balance of Unappropriated Retained Earnings	163,187,948
Add : Net Profit of 2020	322,247,837
Add : Disposal of investments in equity instruments at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings	8,389,215
Less : Legal Reserve Appropriated	(33,063,705)
	460,761,295
Distribution Item	
Shareholder Dividends –Cash(NT\$8 per Share)	(248,856,000)
Ending Balance of Unappropriated Retained Earnings	211,905,295

Remarks: 1. According to the Rule No.871941343 issued by the Ministry of Finance on April 30, 1998, when distributing earnings, it shall be identified respectively; the earnings distributed in this year shall be those of the latest year, i.e., the earnings of the current year 2020.

2. Cash dividends of NT\$8 per share, based on 31,107,000 outstanding shares as of February 22, 2021 (31,318,000 issuance shares less 211,000 treasury shares). The total amount of cash dividends paid to each shareholder is rounded down to the nearest dollar, and any fractional balance less than NT\$ 1 shall be transferred to the Employee Benefits Committee.

3. The preceding mentioned distribution of cash dividends is proposed to be authorized to the Board of Directors by the Annual Shareholders' Meeting to set the ex-dividend date.

4. In the event that the total number of outstanding shares is affected for any reason, it is proposed to authorize the Chairman by the Annual Shareholders' Meeting to make any adjustment of the distribution ratio based on the actual number of outstanding shares as of the date of dividend distribution in accordance with the total amount of earnings to be distributed from the common stock.

M31 TECHNOLOGY CORPORATION

Issuance of New Shares for Employee Restricted Stock Awards

The Company's Board of Directors approved the issuance of new shares for Employee Restricted Stock Awards(RSA) as described below:

1. Total Amount Issued : Issuance of 400,000 common shares of NT\$10 each for a total amount of NT\$4,000,000

2. Issuance Terms :

A. Issue price : NT\$100 per share

B. Type of shares issued: New common shares

C. Vested Conditions :

(1) The employees have been employed for the following periods, and the performance standards are met for that year during the vested period:

Vested period	% of vested shares	Performance
2 years from the date of grant	50 %	Annual performance during the vesting period is G or above
3 years from the date of grant	50 %	Annual performance during the vesting period is G or above

(2) The standards for achieving individual performance goals are set by the Company in agreement with individual employees.

(3) Measures taken when the employees have not met the vesting conditions or when inheritance occurs:

After receiving new shares for RSA, if employees fail to meet the vesting conditions, the unvested RSAs (including stock dividends received and other related rights) will be reclaimed with issue price and cancelled by the Company. When inheritance occurs, the Company shall follow the relevant regulations of the Act on the Issuance of New Shares for Employee Restricted Stock Awards.

(4) Other issuance conditions: None.

3. Employee qualifications and the number of RSAs granted:

A. Full-time regular employees on the RSA grant date and employees of control or affiliated companies who meet certain conditions, which are authorized to be set by the Board of Directors. The employees will be subject to certain performance requirements and have:

(1) Significant influence over operation

(2) Links to future strategies of the Company and high correlation with business development

(3) Core technology talents

- B. Employees granted the new shares for RSA and the actual number granted is determined based on employees' seniority, rank, work performance, overall contributions, special achievement as well as the Company's operational needs and business development strategies. Upon Chairman's approval, the RSA proposal shall be submitted to the Board of Directors for approval. However, for managers and Directors also serving as employees, their quantities shall be approved by the Compensation Committee and the Board of Directors.
- C. The number of shares granted to a single employee shall be in compliance with Article 60-9 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" which states "Where the Company issues employee stock warrants under Article 56-1, paragraph 1, the cumulative number of shares subscribable by a single warrant holder of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single warrant holder, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by the single warrant holder of employee stock warrants issued by the Company under Paragraph 1, Article 56 may not exceed 1 percent of the Company's total issued shares".

4. Reasons for the issuance of new shares for RSA:

To attract and retain required professional talents, motivate employees and enhance employee loyalty to jointly create higher profits for the Company and shareholders, and to ensure employee's interests are in line with shareholders' interests.

5. Estimated amount recognized as expense, dilution effect on EPS and other effects on shareholders' equity:

A. Estimated amount recognized as expense

The Company currently has 31,107,000 shares outstanding. The maximum number of new shares outstanding for RSA is 400,000 shares, which accounts for 1.29% of the total number of issued shares. When calculated using the price of NT\$350 (average closing price of NT\$352.50 in January 2021 and closing price of NT\$337.50 on February 19, 2021), the maximum amount to be recognized as expense during the vesting period is NT\$100,000 thousand with 400,000 new shares issued. If the issuance is carried out in August 2021, the expenses estimated for 2021 to 2024 are NT\$17,361 thousand, NT\$41,667 thousand, NT\$31,250 thousand, and NT\$9,722 thousand, respectively.

B. Dilution effect on EPS

When calculated based on the three years of vesting period plus the current number of outstanding shares, the impact on the reduction of EPS from 2021 to 2024 is approximately of NT\$0.56, NT\$1.34, NT\$1.00 and NT\$0.31, respectively.

C. Other effects on shareholders' equity

However, upon an overall assessment, the Company expects an upward trend for future revenue and profitability. Thus, the amount recognized as expenses every year has no significant impact on shareholders' equity.

6. Restrictions on the rights of new shares of unvested RSAs after being granted to or subscribed by employees:

After receiving new shares for RSA, if employees fail to meet the vesting conditions, the unvested RSAs (including stock dividends received and other related rights) will be reclaimed with issue price and cancelled by the Company. When inheritance occurs, the Company shall follow the relevant regulations of the Act on the Issuance of New Shares for Employee Restricted Stock Awards.

7. Additional Notes (including custody of stock trusts):

A. When new shares for RSA are under the trust agreements, the Company can fully represent its employees in dealing with the stock trust agency concerning the following transactions: including but not limited to the negotiation, signing, amendment, extension, cancellation, termination of trust contracts, as well as instructions on the transfer, use and disposal of trust property.

B. The issuance of new shares for RSA is conducted through custodial trust of the shares. Prior to meeting the vesting conditions, employees shall not, for any reason or by any mean, ask the trustees to return the new shares for RSA.

C. The Rules is approved by a resolution adopted by the majority of attending Directors which represents more than two-thirds of all Directors. The Chairman is authorized to make necessary amendments caused by changes in laws and regulations, requests from competent authorities for their reviews or changes in the objective environment prior to the issuance. Those amendments shall be approved by the Board of Directors before new shares for RSA can be issued.

8. Other matters that require explanation: Issues not covered by the Rules shall be handled according to relevant laws and regulations.

**Articles of Incorporation
of
M31 Technology Corporation
(the “Company”)**

Section I General Provisions

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be M31 Technology Corporation.
- Article 2 The scope of business of the Company shall be as follows:
- CC01030 Electrical Appliance and Audiovisual Electric Products Manufacturing
 - CC01060 Wired Communication Mechanical Equipment Manufacturing
 - CC01070 Wireless Communication Mechanical Equipment Manufacturing
 - CC01080 Electronics Components Manufacturing
 - CC01090 Manufacture of Batteries and Accumulators
 - CC01110 Computer and Peripheral Equipment Manufacturing
 - CC01120 Data Storage Media Manufacturing and Duplicating
 - CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 - F118010 Wholesale of Computer Software
 - F218010 Retail Sale of Computer Software
 - F219010 Retail Sale of Electronic Materials
 - F601010 Intellectual Property Rights
 - I301010 Information Software Services
 - I301020 Data Processing Services
 - I301030 Electronic Information Supply Services
 - I199990 Other Consulting Service
 - IZ99990 Other Industrial and Commercial Services
 - CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
 - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3 The total amount of the Company's reinvestment shall not be subject to the restriction of no more than 40% of the Company's paid-up capital, as provided in Article 13 of the Company Act. The Company may provide endorsement and guarantee and act as a guarantor.

Article 4 The Company has registered its headquarters in Hsinchu County, Taiwan, Republic of China. Upon approval of government authorities in charge, the Company may also have branch offices at such other places both within and without the territory of the Republic of China as the Board of Directors may determine whenever is necessary.

Article 5 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section II Capital Stock

Article 6 The total capital stock of the Company shall be in the amount of NT\$500,000,000, divided into 50,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments as required.

A total of NT\$75,000,000 among the above total capital stock should be reserved for employee stock options, which may be issued in installments by resolution of the Board of Directors.

Article 7 The share certificates of the Company shall all be name-bearing and issued in accordance with Article 161-1 of the Company Act. Share certificates issued by the Company are exempted from printing; however, they shall be registered in the central securities depository.

Article 8 Registration for share transfer shall be suspended sixty days before the date of annual shareholders' meeting, and thirty days before the extraordinary shareholders' meeting, or within five days before the day on which the Company determines to pay dividends, bonuses, or any other benefits.

Section III Meetings of Shareholders

Article 9 The shareholders' meetings of the Company are classified into two types. The annual meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

- Article 10 Shareholders may designate a proxy to attend the shareholders' meeting with a power of attorney issued by the Company in accordance with Article 177, Article 177-1, and Article 177-2 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies promulgated by the competent authority.
- Article 11 Shareholders of the Company are entitled to one vote for each share held. However, if there are exceptions to the provisions of Article 179 of the Company Act, this shall not apply to Company's shares held by its own pursuant to laws and regulations.
- Article 12 The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares. Shareholder who votes electronically shall be deemed as attending the Meeting in person. Electronic voting shall be conducted in accordance with relevant laws and regulations. The proposal shall be deemed adopted if all attending shareholders are solicited by the Chairman and no objection is voiced. Its validity is the same as voted by casting ballot. The Company may withdraw from public offering upon shareholder approval at the Meeting and submission of a request for withdrawal to the competent authority.
- Article 13 If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 14 The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The distribution of the preceding minutes shall be in accordance with the provisions of the Company Act.

Section IV Directors and Audit Committee

Article 15 The Company shall have five (5) to nine (9) directors to be elected at the Meeting through a nominating system from persons of legal capacity to serve a term of three years. Shareholders shall nominate candidates for election as directors from the list of candidates. Directors are eligible for re-election. The number of Independent Directors within the number of Directors in the preceding article shall be two at least, and shall not be less than one-fifth of the total number of Directors. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the competent authorities. In addition, the Company shall purchase insurance to cover the liability of the directors in respect of the scope of business they are legally obligated to perform during their term of office.

The Company shall establish various functional committees under the Board of Directors, and each functional committee shall establish rules and regulations for the exercise of its powers and functions, which shall be implemented upon approval by the Board of Directors.

Article 16 The Company shall establish an Audit Committee in accordance with the relevant provisions of the Securities and Exchange Act. The number of members, term of office, power and rules of procedure of the Audit Committee shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers and Functions of the Audit Committee of Public Companies" and shall be governed by the Rules and Regulations Governing the Organization of the Audit Committee.

Article 17 The Company's directors shall be elected through cumulative voting. Each share has the voting rights equal to the number of directors to be elected. The votes may be cast to one candidate or among several candidates. The candidates who receives the most votes shall be elected as the director. Any amendment of this voting system shall be handled in accordance with Article 172 of the Company Act and shall be specified, with explanation of the material contents, in the notice of the meeting.

Article 18 The Board is composed of Directors. The Directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending Directors, which represents more than two-thirds of all Directors. The Chairman shall have the authority to represent the Company.

Article 19 In the case where the Chairman is on leave or cannot exercise his or her authority with due cause, a proxy shall be appointed in accordance with Article 208 of the Company Act.

If a Director is unable to attend the Board meeting for some reason, he/she shall authorize another Director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No Director may act as a proxy for more than one other Director.

For Board meetings conducted through video-conferencing, a Director who participates through video conferencing is deemed to attend in person.

Article 20 All of the directors shall be paid by the Company regardless of operating gains or losses. The Board is delegated to determine the remuneration to Directors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry.

Section V Managers

Article 21 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

Section VI Accounting

Article 22 The Company's Board of Directors shall prepare the following after the end of each fiscal year and forward them to the annual meeting of shareholders for approval:

1. Business report
2. Financial statements
3. Profit distribution or deficit compensation proposal

Article 23 When the Company makes a profit for the year, the compensation to employees shall be no less than 1% of the balance and the remuneration to the Directors shall not be higher than 1.5% of the balance. If there are accumulated losses, the profit should offset the accumulated losses.

Employees' compensation shall be paid in stock or cash to employees, including those of affiliated companies who meet certain criteria, which are authorized by the Board of Directors. Directors' remuneration shall be paid in cash.

Article 24 If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses, if any.
3. Legal reserve, which is 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and retained earnings from previous years will be allocated as shareholders' dividends. The Board will prepare a distribution proposal and submit it to the Shareholders' Meeting for review and approval by a resolution.

The company considers that the current industry development is at a growth stage, and the dividend distribution policy is based on future funding needs and long-term financial planning. It will allocate no less than 2% of the distributable earnings in the preceding paragraph to distribute shareholder dividends, which can be done in cash or stock. Cash dividends shall not be lower than 10% of total dividends to shareholders.

Section VII Additional Provisions

Article 25 Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and other laws and regulations.

Article 26 The Articles of Incorporation was established on October 5, 2011.

The first amendment was made on January 13, 2012.

The second amendment was made on March 13, 2012.

The third amendment was made on April 17, 2012.

The fourth amendment was made on March 25, 2013.

The fifth amendment was made on June 25, 2014.

The sixth amendment was made on June 28, 2016.

The seventh amendment was made on May 9, 2017.

The eighth amendment was made on May 24, 2018.

The ninth amendment was made on November 13, 2018

**Rules of Procedure for Shareholders Meetings
of
M31 Technology Corporation
(the “Company”)**

- Article 1 In order to establish a good governance system for the Company's shareholders' meeting, improve the supervisory function and strengthen the management function, in accordance with the provisions of Article 5 of the Code of Corporate Governance for Listed Companies, these rules are hereby established for compliance.
- Article 2 The rules of procedure for the Shareholders Meetings of the Company, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 The Convention and Meeting Notice of Shareholders' Meeting
1. The Shareholders' Meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.
 2. The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins, as well as explanatory materials, relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular Shareholders' Meeting or 15 days before the date of a special Shareholders' Meeting. The Company shall prepare electronic versions of the Shareholders' Meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular Shareholders' Meeting or 15 days before the date of the special Shareholders' Meeting. In addition, 15 days before the date of the Shareholders' Meeting, the Company shall also have prepared the Shareholders' Meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
 3. The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
 4. Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public

company, approval of competing with the company by directors, using earnings to increase capitalization, using reserve to increase capitalization, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 (Significant change in business policy) of the Company Act, shall be set out in the notice of the reasons for convening the Shareholders' Meeting, as well as the essential contents shall be explained. None of the above matters may be raised by an extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

5. Where the matter of that all directors of the Company will be re-elected has been set out in the causes of a meeting of shareholders to be convened, and the date for the elected directors to assume their office is also indicated in, after the re-election is completed in such a shareholders' meeting, the date for the elected directors to assume their office shall not be altered by bring up as extemporary motions or by other means.
6. A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular Shareholders' Meeting. Such proposal is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at the shareholders' meeting by the Board of Directors. In addition, when any one of the circumstances set forth in each subparagraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.
7. Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, methods of acceptance in writing or by way of electronic transmission and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.
8. Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders' Meeting the Board of Directors shall explain the reasons

for exclusion of any shareholder proposals not included in the agenda.

Article 4 Proxy form

1. For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company before 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 Principles Determining the Time and Place of a Shareholders' Meeting

The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 Preparation of Documents such as the Attendance Book

1. The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
3. Shareholders and their proxies (collectively, "shareholders") shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

4. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials; where there is an election of directors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 The Chair and Non-voting Participants of a Shareholders' Meeting

1. If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.
2. When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
3. It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
4. If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 8 Documentation of a Shareholders' Meeting by Audio or Video

1. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.

2. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance

1. Attendance at Shareholders' Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

Article 10 Discussion of Proposals

1. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The proposals (including extemporary motion and the amendment to original proposal) shall require a voting by poll on every resolution. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary

motions), except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11 Shareholder Speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Calculation of Voting Shares and Recusal System

1. Voting at a Shareholders' Meeting shall be calculated based the number of shares.
2. With respect to resolutions of Shareholders' Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is

the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

4. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 Vote on a Proposal

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.
2. When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by electronic means or correspondence means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders' Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the Shareholders' Meeting. If

the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.

4. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
5. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
6. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 Election of Directors

1. The election of directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
2. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Meeting Minutes

1. The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The production and distribution of video and audio files can be done electronically. The distribution may be done via public announcement by upload them to the MOPS.
2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the results of voting (including the statistical weights of the numbers of votes), in the event of Director election, the number of the votes to each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16 Public Disclosure

1. On the day of a Shareholders' Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.
2. If matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws and regulations, and the Taiwan Stock Exchange(Tapei Exchange), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintaining Order at the Meeting Place

1. Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.
2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or arm band bearing the word "Proctor."
3. At the place of a Shareholders' Meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
4. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 Recess and Resumption of a Shareholders' Meeting

1. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Article 20 These Rules were adopted by the Shareholders' Meeting on June 28, 2016.

The first amendment was made on May 24, 2018.

The second amendment was made on May 29, 2020.

M31 Technology Corporation

Election of Directors

- Article 1 The election, re-election and by-election of directors shall be elected in accordance with the rules specified herein.
- Article 2 For the election of directors of the Company, the name of the elector shall be replaced by the attendance number.
The election of directors shall be based on the nomination of candidates.
- Article 3 For the election of directors, each share shall have the same right to vote as the number of directors to be elected, and the board of directors shall prepare ballots equal to the number of directors to be elected and distribute them to each shareholder.
- Article 4 The directors of the Company shall be elected in accordance with the quotas set forth in the Articles of Incorporation, and the independent directors and non-independent directors shall be elected together and the number of elected quotas shall be calculated separately. The directors shall be elected in the order of the majority of the votes received. If there are more than two persons with the same number of votes and the number of directors exceeds the required number, lots shall be drawn by those with the same number of votes. For persons who are unable to attend, the Chairman shall draw lots for the candidates.
- Article 5 Independent directors shall obtain one of the following professional qualifications and have at least five years of working experience:
1. Lecturer or above from a public or private college or university in business, law, finance, accounting or related fields required for company's business.
 2. Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations required for the company's business.
 3. Experience in business, legal, finance, accounting or corporate business. Anyone who has served as an independent director shall be prohibited from serving as an independent director and shall be terminated if he or she has served as one of the following:
 1. In one of the cases specified in Article 30 of the Company Act.
 2. In accordance with Article 27 of the Company Act, the government, legal persons or their representatives shall be elected.

3. Violation of the qualifications of independent directors as stipulated in the Regulations.

Article 6 An independent director shall not be one of the following two years prior to his or her election and during his or her term of office:

1. Employees of the Company or its affiliated companies.
2. Directors and supervisors of the Company or its affiliated companies. However, this does not apply if the company or its parent company or subsidiary is an independent director established in accordance with this Act or local laws and regulations, the company shall not be subject to this limitation.
3. The natural shareholders who hold more than one percent of the total issued shares or the top ten natural shareholders in the name of themselves, their spouses, minor children or in the name of others.
4. The spouse of a person listed in the preceding three paragraphs, a relative within the second degree of kinship, or a relative within the third degree of kinship in the direct blood relatives.
5. A director, supervisor or employee of a corporate shareholder who directly holds more than five percent of the total issued shares of the Company, or the top five corporate shareholders who hold shares.
6. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization with which the Company has financial or business dealings.
7. Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who provide business, legal, financial and accounting services or consulting services to the Company or its affiliates. However, members of the Compensation Committee who perform their duties and responsibilities in accordance with Article 7 of the Rules Governing the Establishment and Exercise of Powers and Functions of Compensation Committees of Companies whose stocks are Listed or Traded on the Business Premises of Securities Firms shall be excluded.

If an independent director has served as an independent director of a company or its affiliates or a specific company or organization with which the company has financial or business dealings as described in Paragraph 2 or 6 of the preceding paragraph and has now terminated his or her appointment, the preceding two-year period prior to his or her election shall not apply.

The specific company or organization referred to in Paragraph 6 of Item 1 shall mean a company with one of the following circumstances:

1. Hold at least 20% and not more than 50% of the Company's total issued shares.
2. Other companies and their directors, supervisors and shareholders holding more than 10% of the total number of shares hold more than 30% of the total number of issued shares of the Company, and there is a record of financial or business dealings between the two parties. The shares held by the aforementioned persons include their spouses, minor children and those held in the name of others.
3. The Company receives more than 30% of its operating revenues from other companies and its group companies.
4. The Company's major raw materials (defined as those that account for more than 30% of the total purchase amount and are indispensable for the manufacture of products) or major products (defined as those that account for more than 30% of the total operating revenues) are derived more than 50% from other companies and their group companies in quantities or total purchase amounts.

The parent company, subsidiary and group referred to in the first and preceding paragraphs shall be recognized in accordance with the provisions of IFRS 10.

- Article 7 An independent director shall not serve as an independent director of more than three other public companies.
- Article 8 When the Board of Directors prepares the ballot, it shall be printed according to the attendance number and filled in with its weight.
- Article 9 At the beginning of the election, the Chairman shall designate scrutineers and tellers to monitor and count the votes.
- Article 10 The ballot boxes shall be prepared by the Board of Directors and shall be opened for inspection by the scrutineers before the voting.
- Article 11 If the person to be elected is a shareholder, the elector shall fill in the name of the person to be elected and the shareholder's account number on the ballot paper. If he/she is not a shareholder, he/she shall fill in the name of the person to be elected and the tax ID number (or ID card number), and then put it into the ballot box; however, if the government or a corporate shareholder is the nominee, the nominee column of the ballot paper shall be filled in with the name of the government or the corporate in accordance with the provisions of Article 27, Paragraph 1 of the Company Act, and the name of the

government or the corporate and the name of its representative in accordance with the provisions of Paragraph 2 of the same Article.

- Article 12 An election ballot shall be invalid if one of the following circumstances occurs:
1. Those who do not use the ballot papers specified in this rule.
 2. Those who vote with a blank ballot.
 3. The handwriting is blurred and unrecognizable or has been altered.
 4. If the name of the candidate is a shareholder, the name of the candidate does not match with the register of shareholders. If the name of the candidate is not a shareholder, the name and the tax ID number (or ID card number) of the candidate do not match.
 5. The same ballot is filled with more than two candidates.
 6. In addition to the candidate's account name (surname) and shareholder's account number (tax ID number or ID card number), other written characters are included.
 7. Not in accordance with the provisions of Article 11.
- Article 13 The ballot boxes for the election of directors shall be opened together with the scrutineers and tellers after the ballots have been cast.
- Article 14 The counting of votes shall be monitored by the scrutineers, and the results of the ballot shall be announced by the Chairman on the spot. The election ballots for the aforementioned election shall be sealed and signed by the scrutineers and kept in a safe place for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the litigation.
- Article 15 The elected director shall be given a notice of election by the Board of Directors
- Article 16 (Deleted)
- Article 17 Matters not covered by this Act shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations.
- Article 18 These regulations shall come into effect upon the approval of the shareholders' meeting, and shall be the same when amended.
- Article 19 These Regulations were established on June 28, 2016.
The first amendment was made on May 24, 2018

M31 Technology Corporation

Shareholdings of All Directors

1. The total number of issued shares: 31,318,000 shares
2. The minimum required combined shareholding of all Directors: 3,600,000 shares
3. Up to the date on which share transfer registration is suspended before the convention of this shareholders' meeting(March 29, 2021), the status of shareholdings of individual and all Directors registered on the shareholders roster is set forth below:

Title	Name	Holding Shares	Shareholding Ratio
Chairman	Yuan-Hsun Chang	180,000	0.57%
Director	Tsung-Hsi Ko	0	0.00%
Director	Li-Kuo Liu	0	0.00%
Independent Director	Jun-Ji Lin	0	0.00%
Independent Director	Ching-Te Chuang	0	0.00%
Independent Director	Shih-Ying Huang	0	0.00%
The number of shares held by all Directors		180,000	0.57%