



**HANA Microelectronics Public Co., Ltd.**

65/98 Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok 10210  
Tel: 66 (0) 2-5511297 Fax: 66 (0) 2-5511299

**MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS NO. 27/2020**

Held at the Company's Headquarters  
65/98 Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok  
On 30 April 2020  
14.00 hrs. - 15.18 hrs.

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**Directors and executives presented:**

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| 1) Mr. John Thompson,          | Independent Director, Chairman of the Board of Directors, Chairman of the Audit Committee and Proxy of shareholders  |
| 2) Mr. Richard David Han,      | Executive Director, Executive Vice Chairman, Chief Executive Officer and the Nomination Committee  |
| 3) Mr. Winson Moong Chu Hui,   | Executive Director, President and Chief Operating Officer  |
| 4) Mr. Terrence Philip Weir,   | Executive Director, Executive Vice President and Chief Financial Officer, Chairman of the Corporate Governance Committee and Chairman of the Risk Management Committee |
| 5) Mrs. Salakchitt Preedaporn, | Independent Director, the Audit Committee, the Nomination Committee, the Corporate Governance Committee and Proxy of shareholders                                      |
| 6) Mr. Yingsak Jenratha,       | Independent Director, the Audit Committee, the Corporate Governance Committee, Chairman of the Nomination Committee and Proxy of shareholders                          |
| 7) Ms. Achara Chaicharncheep,  | Senior Manager of Finance and Accounting   |

**External auditors:**

- |                                |                            |
|--------------------------------|----------------------------|
| 8) Ms. Kamontip Lertwitworatep | Partner, EY Office Limited |
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**Assistant to the Chairman and translator:**

- 9) Mrs. Tappawong Na Tarlang, Director of Corporate HR Business Partners, Training & Administration

**Independent Inspector:**

- 10) Mr. Somchai Aiemrod, A lawyer license no. 972/2539 who acted as an independent inspector to verify the vote count and oversee that the meeting was held transparently and pursuant to the applicable regulations and the Company's articles of association.

**Preliminary Proceedings:**

The Annual General Meeting was opened by Mr. John Thompson, the Chairman of the Board of Directors. The Chairman introduced the directors and executives, sub-committees present in the Meeting including the representatives from the Company's external auditor and the Meeting inspector. The Chairman also informed that the Company had 6 directors, and all were in attendance at the meeting. The Chairman of each sub-committee attended the Meeting. The sub-committees consisted of the Audit Committee, the Nomination Committee, the Corporate Governance Committee, and the Risk Management Committee (no any other sub-committee of the Board). All directors and executives shall provide answers to questions raised in the meeting.

**Quorum Announcement:**

There were shareholders attending the meeting in person 27 shareholders holding 7,991,374 shares and 565 proxies holding 617,200,745 shares. Those total 592 shareholders holding 625,192,119 shares are equivalent to 77.67% of 804,878,860 voting shares, which is more than one-third (1/3) of voting shares. Therefore, a quorum was constituted in accordance with the Company's Articles of Association.

Before starting the agenda, the assistance to the Chairman was appointed to inform the Meeting for the vote method and the vote counting system as follows:

**Vote Method:**

- Each shareholder has one vote for each share.
- To cast a vote for each agenda, shareholders who attend the meeting in person who would like to vote disagree or abstain are required to complete the voting cards being given. Shareholders are to hand over the voting cards for the disagreed and abstained votes to the Company's representative for counting the votes. Except for the Agenda to appoint the directors, the voting card will be collected from every shareholder. Shareholders who do not submit the voting card will be assumed to approve the agenda as proposed by the Company, and the votes will be counted according to the number of shares they hold. In regard to votes by proxy, the Company shall record the votes for each Agenda from the respective shareholder proxies.
- Except for custodian, shareholders must vote with all of their shareholding registered at the meeting for each agenda to approve, disapprove or abstain as they can not split the votes.

- The vote is invalid if the proxy holder does not vote according to the voting intention made by shareholders, shareholders or proxy holders fill the voting cards/proxy form in a manner that makes the voter's decision unclear, no marking (blank), more than one box marked, no signature when make any change, or there are spilt votes (except for the case of custodian).

**Vote counting system:**

- The objection or abstention shall be deducted from the agreed votes concerning each agenda.
- The resolution of all proposed agendas shall be passed when receiving the majority vote of the eligible shareholders present at the meeting including proxies.
- In case of a tie vote, the Chairman shall be entitled to a casting vote.
- The barcode system is used in the registration and vote-counting processes for transparent, accurate and fast results as previous years.

After explaining the voting procedures, the Chairman called the meeting to order and announced that the meeting was held pursuant to the prior written Meeting Notice given to shareholders in advance.

**Agenda 1: To approve the Minutes of the Annual General Meeting of Shareholders No. 26/2019 which was held on 30 April 2019**

The Chairman proposed the Meeting to certify the Minutes of the Annual General Meeting of Shareholders No. 26/2019, which was enclosed in the Notice of the Meeting sent to shareholders in advance.

The Chairman opened for questions or comments. As there was no question from shareholders, the Chairman asked the Meeting to vote on this agenda item.

**Vote result:** The result of the vote count was as follows.

Approve	625,192,119 Votes;	100 %
Disapprove	0 Votes;	0 %
Abstain	0 Votes;	0 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting approved the Minutes of the Annual General Meeting No. 26/2019 that was held on 30 April 2019.

**Agenda 2: To acknowledge the operation's results of the Company in 2019**

The Chairman invited Mr. Richard Han to report the operation's results of the Company for the year 2019 including Management Discussion and Analysis (MD&A). Mr. Richard presented to the Meeting as follows.

Hana's key financial performance figures for the year 2019 compared to 2018 were:-

- Revenues down 8% from THB 22,264 million in 2018 to THB 20,384 million in 2019
- Operating income down 39% from THB 2,309 million in 2018 to THB 1,408 million in 2019
- EBITDA income down 26% from THB 3,420 million in 2018 to THB 2,546 million in 2019
- NPAT down 24% from THB 2,375 million in 2018 to THB 1,805 million in 2019
- Cash and financial investments were similar at THB 8.5 billion in 2019 and 2018
- Gross dividend payout at THB 1.30/share for 2019 down from THB 2.00/share for 2018

### **Revenue Analysis: Group sales revenues reduced by 8% YoY**

In 2019, the semiconductor industry ended the two year up-cycle as the US/China trade dispute weighed heavily on the industry. The first quarter saw the fourth largest drop on record as the industry reduced inventory aggressively given the uncertainty over the trade war. During the year whilst tariffs actually accelerated, the industry began to work within this changing paradigm, adjusting to the new world order of tariffs and de-globalization. With the US consumer holding up well and a first phase truce agreement at the year end, the industry started to recover late in Q3.

Despite that, our results were disappointing. YoY the IC group sales dropped 12% which was made worse by the strong THB. YoY Hana Ayutthaya (AYT) sales dropped 10% and Hana Jiaying (JX) dropped 25%. There were areas of encouragement especially for our mobile sensor packages which saw some major market share gains and which we believe will be a growth platform for 2020 and the successful startup of our HPM (High Power Module) line in JX.

Our microelectronics revenue overall reduced 5% YoY with Hana Lamphun (LPN) gaining 3% and JX losing 25%, a direct impact of the US/China trade war, as we shifted loadings from JX to LPN to avoid the tariff for our US customers. JX responded to the revenue down turn with an aggressive restructuring program with the positive result of actually increasing Operating Profit.

Further, the strong THB had a major impact due to adjustments on inventory valuation depressing our operating profits. Overall and across most of our industry segments demand was weak apart from our test & measurement business that benefitted from the 5G rollout. During 2019, LPN prepared and implemented the SAP S/4 HANA ERP operating system which went live on 2 January 2020. This implementation was done within a nine months' period and whilst there remains a number of issues, the "Go Live" on 2 January 2020 has been successful

without any major complaints from our customers and it is a tribute to the LPN team overseen by our CFO, Mr. Terrence Weir.

Our Cambodia activities during 2019 finally took off with the ramp up of remote controls. Ironically, we can say this has been a positive affect due to the trade war as our customer sort a low cost non-China assembly operation to avoid the US tariffs. Sales have increased 93% YoY due to the heavy losses at the start of the year. The rate of loss at the start of 2020 was down by 4.75 times compared to the start of 2019. Whilst this is a significant improvement, getting to breakeven may still be a challenge for 2020, and given the heavy reliance on a single customer we are working hard to bring in new accounts in 2020.

Our Microdisplay division in Ohio, USA YoY saw a drop in revenue of 19% which was mainly due a big drop in our consumer business for thermal imaging camera modules. However, our tyre tag activities remained robust and the outlook for this device, as we work to bring them into passenger tyres (in addition to commercial tyres), is very exciting for the future.

### **Group Operating Profit Analysis: Operating profits decreased 39% YoY**

Operating profits decreased year on year from THB 2.3 billion in 2018 to THB 1.4 billion in 2019. The main reasons were due to the strengthening of the THB by 4% and the impact of the US/China trade conflict impacting our semiconductor business significantly and our revenues in China.

### **Group Net Profit Analysis: Net profit decreased by 24% YoY**

Net Profit decreased by 24% to THB 1.8 billion in 2019 from THB 2.3 billion in 2018. An exchange gain of THB 319 million in 2019 due to our hedging activities helped partially offset the losses incurred at the operating level due to the THB strength.

### **Cash Reserve Analysis**

The group currently has no interest bearing debt. Cash reserves (and financial investments) were THB 8.5 billion at year ended 2019 similar to THB 8.5 billion at year ended 2018. The group's capital expenditure in 2019 was THB 1.1 billion, a 46% reduction compared to 2018. This included no cut backs on our R&D expenditure which we believe are vital for our future growth but did include a reduction in the interim dividend from THB 1.00 to THB 0.65 gross per share.

### **2020 Outlook and the Company Strategies**

At the end of 2019 the US & China signed a first phase trade agreement basically halting the escalation of tariff which was a welcome outcome. That good news was soon overshadowed by the emergence of the Coronavirus event which has created an unexpected shadow of uncertainty over the global economy as the

effect on China will be significant in terms of GDP and consumption and even further due to the heavy reliance on China for our supply chain. The impact on our JX operation will be significant during the first half of 2020.

During the year Hana has been focusing on developing our ESG (the sustainability towards environmental, social and governance) activities to promote clearer policies and actions to demonstrate our awareness and promotion of our corporate responsibilities to the environment and related activities. In 2020 we shall implement solar energy in both our LPN & AYT plants to reduce our carbon footprint. We will also be free of single use plastic bottles in our canteens and we shall further look to develop our awareness of other ESG initiatives.

During 2020 Hana will continue to invest in our R&D (Research and Development) initiative focusing on power modules both for high and low power spectrums. We will launch our first patented product – a wireless charging device which when placed beneath a table can send a charging signal to a mobile phone. We exhibited prototypes at the recent CES (Consumer Electronics Show) 2020 Las Vegas show and received a positive reception. Mass production is planned for June 2020 and already we have a waiting list of interested customers wanting samples to test this new device.

Hana's new assembly line in Jiaying, China will assemble High Power Modules for the automotive and industrial segments. Our future plans will be to assemble devices designed by our development team in Korea.

We will continue with our core strategic philosophies in order to grow our top-line and improve margins whilst endeavoring not to over expose the group to any significant economic challenges.

We endeavor to achieve this by:

1. Maintaining good diversity so as not to rely on any one customer or industry.
2. Continue to invest in automation both in IT software and manufacturing equipment to improve productivity and quality to enhance our competitiveness.
3. Increase productivity through automation and innovation.
4. Identify and invest in future high growth activities.
5. Keep a strong balance sheet to ensure we can overcome any prolonged downturn should it happen and invest when the opportunity arises to support new opportunities.
6. Monitor possible M&A (Mergers and Acquisitions) targets with a disciplined focus on value and synergy.

The Chairman further reported the Company's anti-corruption policy and status to the meeting as follows.

### **Hana Anti-corruption Policy and Status**

The Board of Directors realizes the importance of the anti-corruption. Hana has a zero tolerance of bribery and corruption. The Company prohibits the Board of Directors, management, employees or third parties in their relationship with the Company, being involved in any act of corruption in any form in all business transactions to benefit directly or indirectly and shall comply with the applicable laws and regulations in all the countries in which the Company operates.

The Company was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption since 2015. In 2019, the Company continued to implement the programs to guard against corruption, to demonstrate commitment to the fundamental values of integrity, transparency and accountability.

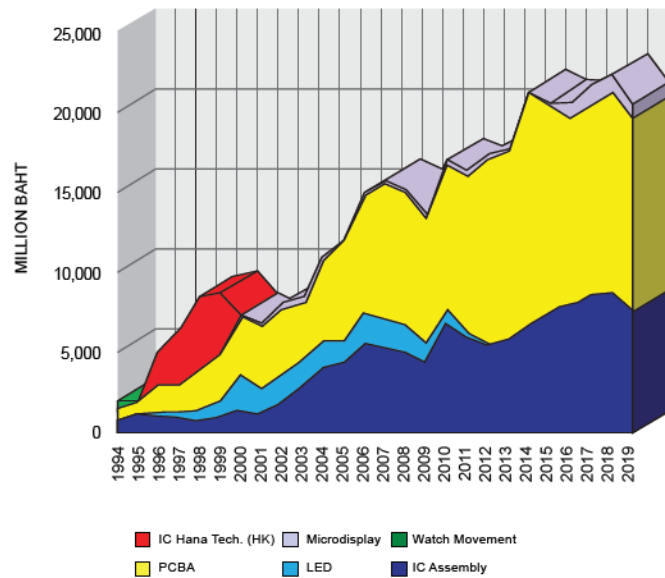
The Chairman opened for questions or comments. There were questions from shareholders as follows.

**Shareholder:** The world has changed a lot in the last twenty years. Hana has put more focus on the business of high-end products and 5G. Please provide more details of the development for the Company to become a world leader in the electronic producer.

**CEO:** Our objective to bring new technologies is to improve our margins and improve financial performance of the Company that is why we made the investment to develop solutions which is successful. We registered patents to protect such devices so we can achieve the objective. We believe that we can compete in this business with others as our existing operations can support these new technologies. As there is the synergy between new devices with our existing operations, we have the good chance to succeed in the next 2 or 3 years.

**Shareholder:** From the annual report page 1 "The Group Financial Highlights", the graph in yellow area representing the sales revenue of PCBA which has grown up over the last 10 years and is very interesting. Please explain what PCBA is and what is driving higher sales revenue over the past years?

## Sales Revenue



**CEO:** PCBA (Printed Circuit Board Assembly) is an electronic circuit board with connected components attached and which is a basic electronic assembly used for all electronic products such as home electrical appliances, mobile phones, cars, as well as various industrial equipment. PCBA is also the core component of Internet of Things, 5G, etc. The factor that makes the yellow part of the sales graph larger is that PCBA business has a lot of material content. Therefore, PCBA has higher sales revenue than the blue part of IC (Integrated Circuit) packaging which has much less material (as a percentage of each product sales price) that is why it is a smaller portion of the chart.

As there was no further question from shareholders, the Chairman then announced that the Meeting acknowledged the operation's results of the Company for the year 2019.

### **Agenda 3: To approve the financial statements for the year ended 31 December 2019**

The Chairman proposed the meeting to approve the financial statements for the financial period year ended 31 December 2019 and the auditor's report, all of which have been reviewed by the Audit Committee.

The Chairman opened for questions or comments. There were questions from shareholders as follows.

**Shareholder:** From 2019 financial statements, the cost of sales is approximately 89% of the sales revenue which is more than 2018 and previous years. Has the management analyzed the cost of sales and sales revenue and why did the cost of sales higher in this year?

**CFO:** Cost of sales is increased in 2019 as we have 5G businesses that have a lot of materials and we spent a lot on materials so the business is quite big and grows but on the other hand, the cost of sales is going up.



**Shareholder:** From Statement of Financial Position, the Company has a short-term loan from financial institutions in the amount of 500 million baht. It is reviewed that the Company has sufficient cash flow. What is the purpose of borrowing money from financial institutions?

**CEO:** We had to borrow 500 million Baht even we have sufficient cash flow as most of the cash is in offshore subsidiaries. We did not have sufficient Thai Baht onshore for dividend payment in this year so the Company considered borrowing from financial institutions, which was a short-term loan for dividend payment to shareholders.

As there was no further question from shareholders, the Chairman proposed the Meeting to vote on this agenda item.

**Vote result:** The result of the vote count was as follows.

Approve	622,662,219 Votes;	99.5953 %
Disapprove	0 Votes;	0 %
Abstain	2,529,900 Votes;	0.4047 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting approved the financial statements for the year ended 31 December 2019.

**Agenda 4: To approve the dividend payment for the year 2019**

The Chairman informed that the dividend policy of the Company is 30% to 100% of its consolidated net income after deduction of all specified reserves, subject to the Company and its subsidiaries' cash flow and investment plans, including justifications and other considerations as deemed appropriate.

In consideration of the dividend policy and performance in 2019, the Board recommends to pay the final dividend for the financial year ended 2019 at Baht 0.65 per share which is paid from the net profit and retained earnings as at 31 December 2019 by setting the Record Date on 10 March 2020. The dividend payment will be made on 15 May 2020. The dividend of Baht 0.35 per share is paid from the net profit and retained earnings from BOI promoted businesses which has the tax exemption and another Baht 0.30 is paid from the net profit and retained earnings from Non-BOI businesses which is subjected to 10% withholding tax so the final dividend paid is Baht 0.62 per share net.

On 8 November 2019, the Company paid an interim dividend from the net profit of the first sixth months period of 2019 at the rate of Baht 0.65 per share or Baht 0.61 per share net. Therefore, the total dividend payment for the financial year ended 31 December 2019 will be Baht 1.30 per share gross or Baht 1.23 per share net.

The Chairman opened for questions or comments. As there was no question, the Chairman proposed the Meeting to vote on this agenda item.

**Vote result:** The result of the vote count was as follows.

Approve	625,192,119 Votes;	100 %
Disapprove	0 Votes;	0 %
Abstain	0 Votes;	0 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting acknowledged the interim payment at the rate of Baht 0.65 per share that was paid on 8 November 2019 and approved the annual dividend payment for the year 2019 at the rate of Baht 0.65 per share to be paid on 15 May 2020. The dividend of Baht 0.35 per share is paid from the net profit and retained earnings as at 31 December 2019 from BOI promoted businesses which has the tax exemption and another Baht 0.30 is paid from the net profit and retained earnings as at 31 December 2019 from Non-BOI businesses which is subjected to 10% withholding tax so the final dividend paid is Baht 0.62 per share net.

The total 2019 dividend would be Baht 1.30 per share gross or Baht 1.23 per share net which was composed of interim dividend Baht 0.65 per share paid on 8 November 2019 and the final dividend Baht 0.65 per share gross to be paid on 15 May 2020.

**Agenda 5: To approve the re-appointment of directors in place of those retired by rotation**

The Chairman informed the Meeting that Mr. John Thompson and Mrs. Salakchitt Preedaporn were the interested directors to be re-appointed at this year so they therefore expressed the intent to leave the room and delegated Mr. Richard to act as the Vice Chairman.

The Vice Chairman informed the Meeting that one-third of the directors, who have served the longest term, must retire by rotation at every Annual General Meeting according to the Company's Articles of Association. The Company invited shareholders to propose candidates to be elected as directors since 27 September - 31 December 2019 and there were no proposals given. Therefore, the Vice Chairman proposed the Meeting to consider the directors whose tenure has ended. This year, directors whose tenure has ended are:

- 1) Mr. John Thompson – be appointed as an independent director
- 2) Mrs. Salakchitt Preedaporn – be appointed as an independent director

The Vice Chairman further advised that those two directors were proposed by the Nomination Committee to be re-elected due to the satisfaction with their performance, effectiveness and commitment to the roles. Both of them have qualifications suitable to the Company's business and they are able to provide opinions independently and have qualifications as prescribed by relevant laws and regulations. The brief profile of those directors had been distributed to shareholders for consideration.

The Vice Chairman opened for questions or comments. As there was no question, the Vice Chairman proposed the Meeting to re-appoint by individual director as follows:

**5.1 Appoint Mr. John Thompson as an independent director for another term**

**Vote result:** The result of the vote count was as follows.

Approve	610,816,319 Votes;	97.7006 %
Disapprove	14,375,800 Votes;	2.2994 %
Abstain	0 Votes;	0 %
Invalid	0 Votes;	0 %

**5.2 Appoint Mrs. Salakchitt Preedaporn as an independent director for another term**

**Vote result:** The result of the vote count was as follows.

Approve	625,032,819 Votes;	99.9745 %
Disapprove	111,800 Votes;	0.0179 %
Abstain	47,500 Votes;	0.0076 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting approved the appointment of Mr. John Thompson and Mrs. Salakchitt Preedaporn as the independent directors for another term.

**Agenda 6: To approve the directors' remuneration for 2020**

The Chairman proposed the meeting to consider and approve the remuneration of the Board of Directors for the year 2020 at the below rates not exceeding Baht 5,000,000.

Position	Meeting Allowance (Baht)	Bonus
Chairman of the Board of Directors	92,000 Baht	Minimum one time of meeting allowance depending on the Company's performance
Independent Directors	55,000 Baht	Minimum one time of meeting allowance depending on the Company's performance
Executive Directors*	-	-

\*There is no remuneration for executive directors as they receive the remuneration as the Company's management/employees, not as the Board of Directors.

The Chairman opened for questions or comments. As there was no question, the Chairman proposed the Meeting to vote on this agenda item.

**Vote result:** The result of the vote count was as follows.

Approve	623,765,919 Votes;	99.7719 %
Disapprove	1,061,500 Votes;	0.1698 %
Abstain	364,700 Votes;	0.0583 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting approved the Board of Directors' remuneration for 2020 at the rate proposed but not exceeding Baht 5,000,000.

**Agenda 7: To approve the appointment of the Company's auditors for the year 2020 and to fix the auditors' remuneration**

The Chairman proposed the Meeting to consider and approve the appointment of the following auditors for the fiscal year 2020.

1. Ms. Kamontip Lertwitworatep C.P.A. Registration No. 4377 and/or
2. Mrs. Sarinda Hirunprasurtwutti C.P.A. Registration No. 4799 and/or
3. Mr. Wichart Lokatekrawee C.P.A. Registration No. 4451

of EY Office Limited to be the auditors of the Company with the remuneration of not exceeding Baht 2,600,000 (excluding out-of-pocket expenses). In the event those auditors are unable to perform their duties, EY Office Limited is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place.

The Chairman opened for questions or comments. As there was no question or comment, the Chairman proposed the Meeting to vote on this agenda item.

**Vote result:** The result of the vote count was as follows.

Approve	622,577,319 Votes;	99.5818 %
Disapprove	214,800 Votes;	0.0343 %
Abstain	2,400,000 Votes;	0.3839 %
Invalid	0 Votes;	0 %

**Resolution:** The Meeting approved the appointment of Ms. Kamontip Lertwitworatep and/or Mrs. Sarinda Hirunprasurtwutti and/or Mr. Wichart Lokatekrawee of EY Office Limited as the auditors of Hana Microelectronics Public Co., Ltd. for the year 2020 with the total remuneration not exceeding Baht 2,600,000 (excluding out-of-pocket expenses).

**Agenda 8: Other business**

The Chairman informed the Meeting that all the business agenda items had completed. The Chairman asked if any shareholders desired other matters to be discussed, or any questions to ask.

There was a question from a shareholder as follows.

**Shareholder:** As the Personnel Data Protection Act is going to be enforced on 27 May 2020, is there any plan to implement?

**CFO:** The Company prepares the necessary action plans in compliance with the law requirement with no any issues/problems.

As there was no any other item brought up, the Chairman expressed his thanks and appreciation to shareholders who attended the meeting. The Chairman then declared the Meeting adjourned at 15:18 hrs.



บริษัท ฮานา ไมโครอิเล็กทรอนิกส์  
จำกัด (มหาชน)  
*Hana Microelectronics  
Public Company Limited*

.....  
(Mr. John Thompson)  
Chairman of the Board of Directors