



**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. 23/2016**

Held at the Company's Headquarter  
No. 65/98 Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok  
On 29 April 2016  
14.00 hrs. - 15.15 hrs.

---

**Directors presented:**

- |                                |  |
|--------------------------------|--|
| 1) Mr. Bancha Tarnprakorn,     | 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 member of 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 Corporate Governance Committee and Chairman of Risk Management Committee |
| 5) Mrs. Salakchitt Preedaporn, | Independent Director, member of Audit Committee, Nomination Committee, Corporate Governance Committee and Proxy of shareholders                                |
| 6) Mr. Yingsak Jenratha,       | Independent Director, member of Audit Committee, Chairman of Nomination Committee and member of Corporate Governance Committee and Proxy of shareholders       |

**External auditor:**

- |                       |                                |
|-----------------------|--------------------------------|
| 7) Mrs. Saifon Inkaew | Auditor from EY Office Limited |
|-----------------------|--------------------------------|

**Translator:**

- |                          |   |
|--------------------------|---|
| 8) Mrs. Puntipa Tantana, | Senior Corporate Administration and HR Director |
|--------------------------|---|

### **Independent Inspector:**

- 9) Mr. Somchai Aiemrod, Freeland 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. Bancha Tarnprakorn, the Chairman of the Board of Directors. The Chairman introduced the directors and sub-committee who presented in the Meeting including the representative from the Company's external auditor and the inspector. The Chairman also informed the Meeting that the Company had 6 directors, of which all were in attendance at the meeting.

### **Quorum Announcement:**

There were shareholders attending the meeting in person 28 shareholders holding 8,947,371 shares and 314 proxies holding 639,228,915 shares. Those total 342 shareholders holding 648,176,286 shares are equivalent to 80.53% 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 Chairman informed 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 in each agenda, shareholders who wish to vote disagree or abstain are required to complete the voting cards being given. After each item of agenda, shareholders must hand over the voting cards for the disagreed and abstained votes to the Company's representative for counting the votes. Except for Agenda to appoint the director, the voting card will be collected from every shareholder. However, 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 also invalid if the proxy holder does not vote according to the voting intention made by shareholders using the proxy form B.

### **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, which is to be more than 50% or more than 335,240,358 shares.

- In case of a tie vote, the Chairman shall be entitled to a casting vote.

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 certify the Minutes of the Annual General Meeting of Shareholders No. 22/2015 which was held on 30 April 2015**

The Chairman proposed the Meeting to certify the Minutes of the Annual General Meeting of Shareholders No. 22/2015, which was enclosed in the Notice of the Meeting distributed to shareholders in advance.

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	648,171,686 Votes;	99.9993 %
Disapprove	0 Votes;	0 %
Abstain	4,600 Votes;	0.0007 %

**Resolution:** The Meeting approved the Minutes of the Annual General Meeting No. 22/2015 that was held on 30 April 2015.

**Agenda 2: To acknowledge the operation results of the Company in 2015**

The Chairman invited Mr. Richard Han to report the operation results of the Company for the year 2015 including Management Discussion and Analysis (MD&A). Mr. Richard presented to the Meeting as follows.

Hana's key financial performance figures for the year 2015 compared to 2014 were:-

- Total revenues decreased 3% year on year, to THB 20,521m in 2015 from THB 21,227m in 2014.
- Operating profits increased 3% to THB 2,131m in 2015 from THB 2,064m in 2014.
- EBITDA increased 3% to THB 3,300m in 2015 from THB 3,189m in 2014.
- Net profit decreased 39% to THB 2,066m in 2015 from THB 3,405m in 2014.
- Net cash/financial investments at year end increases 9% to THB 9,121m in 2015 from THB 8,331m in 2014.
- A gross dividend payout remained THB 2.00/share, same as in 2014

**Revenue Analysis**

The year of 2015 was a year of contrasting two halves for the Hana Group.

In the first half we experienced an adjustment of inventory levels as the world awoke to the significant lowering of economic growth for the Chinese economy which negatively affected most of our customers and in particular our exposure

to laptop computers. Our PCBA operation in Lamphun was especially hit hard by this adjustment although there was some new business gained as we won a new medical account assembling hearing aids. This helped to offset the overall weakness.

In the second half the inventory adjustment softened and in addition our IC division (despite benign market conditions), continued to gain market share boosting the overall group performance. With an adjustment in product mix, focusing more on higher valued added assemblies, further growth from our IC division and a weaker THB we were able to deliver a much improved performance during the second half of the year.

Hana Ayutthaya continued to show great improvements in terms of quality and productivity which was recognized by our customers and rewarded with greater market share. Our heavy investments in automation and computerized manufacturing control systems are starting to pay off and overall we saw a top line growth of 13% YoY.

Our China operations also suffered from the drop in computer demand and the continuing rise in labour cost. Unfortunately our LED auto-line suffered delays in implementation and we now expect this to become operational by Q3/16. Whilst we did gain some new account wins, they were unable to offset the overall weakness characterized by the slowdown in China. Hana Jiaxing's topline dropped 5% YoY.

Despite Lamphun's topline reducing by 13% YoY due to product mix change the relatively lower gross margins of those activities meant that the overall effect on our operating profit was minimal. Touchpads for laptop computers dropped steeply in the second quarter but recovered towards the year end. Our new hearing aid business grew quickly and we expect this industry to grow steadily in 2016. In Q2 2016 we will start our new activity for wafer level IC testing for the high end storage industry in our new plant at Sahaphat (LPN2) having spent most of 2015 developing the new test platforms required. Sensors for automotive and mobile recovered from a weak first half, ending the year on a firmer footing and we expect to see growth especially for the automotive industry in 2016.

In September 2015 we opened Hana Microelectronics (Cambodia) Co., Ltd, the first company in our industry to enter Cambodia. Our first activity to assemble access control readers has gone extremely well and the business has continued to grow every quarter. Our second project to assembly quartz crystals will launch in March 2016. Building this operation up from scratch in a relatively underdeveloped country has been challenging but we see strong demand from many industries struggling high labour turnover and rising labour rates and we are confident that the cost reduction we can offer will attract many opportunities from multiple industries.

## **Operating profit analysis**

Operating profits increased 3% to THB 2,131 million in 2015 from THB 2,064 million in 2014 due to the increase in sales at IC division in Ayutthaya and weaker THB/USD. The higher operating leverage enabled Ayutthaya to be profitable from June 2013 and a more favorable product mix in Lamphun also contributed to higher margins.

## **Net profit analysis**

Net Profit decreased by 39% to THB 2,066 million in 2015 from THB 3,405 million in 2014 because in 2014 Hana Ayutthaya received the final payments amounting to THB 1,350 million for the business interruption due to insurance flood claim settlement.

## **Cash reserve analysis**

The group currently has no interest bearing debt. Cash (and financial investments) reserved were THB 9.1 billion at year ended 2015 from THB 8.3 billion at year ended 2014, increase THB 0.8 billion or 9% due to EBITA 3.3 billion less final 2014 dividend THB 0.8 billion paid in Q2' 2015, interim dividend of Q4' 2015 THB 0.8 billion, capital expenditure THB 1.6 billion, decrease in working capital of THB 0.4 billion, and decrease in fixed deposit THB 0.3 billion.

## **2016 outlook and the company strategies**

Overall the outlook for global growth remains weak and uncertain with many key indices pointing downwards. Volatile equity markets, the lowest level for shipping rates ever on record as measured by the Baltic Dry Index, oil and other commodity prices collapsing and many global PMI indexes below 50 are all signs of an economic slowdown.

To grow in such an environment will be challenging and invariably can only be achieved through winning market share from our competitors. As such we have positioned the Hana group accordingly.

1. Maintain good diversity so as not to rely on any one customer or industry.
2. Invest heavily in automation both in IT and manufacturing equipment to improve productivity and quality thus performing better than our peers.
3. Offer meaningful cost reductions which many industries are seeking through our low cost assembly operation in Cambodia.
4. Keep a strong balance sheet to ensure we can overcome any prolonged downturn should it happen and invest when the opportunity arises.

As always the future is uncertain and these days the economic cycles can be short and volatile hence our management needs to be responsive and quick to react to changing situations. I believe the Hana management team recognizes the uncertainty of the future but we are well positioned to deal with any downturn or

seize the opportunity should it arise. Strategically we are well positioned to respond in a world of economic uncertainty.

### **Hana Anti-corruption Status**

The Chairman informed the Meeting that the Board of Directors would like to emphasize that we realize the importance of the anti-corruption. It is commonly known that corruption is considered as a criminal act against the laws and morality, which affects the company, society, as well as the nation, so the Company had declared our intent to become the signatory company of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) with the objective to support a Coalition against Corruption aiming to counter corruption in any forms in 2013. Lately in October 2015, the Company has been certified as the membership of Thailand's Private Sector Collective Action Coalition Against Corruption so this is to affirm that the company has supported the fighting corruption through the implementation of policies and effective mechanisms to prevent corruption at the company and industry levels.

After presented, the Chairman opened for questions. There were questions from shareholders as follows.

**Shareholder:** From the Statement of Financial Position as at 31 December 2015 in the financial statement, there was the deposit for land purchase amounting to Baht 22.5 million. Please explain the detail of this land purchase.

**CEO:** It is the deposit to buy the land of 25 Rai, next to the existing land of our new plant in the Sahaphat Industrial Estate, Lamphun. We will pay the balance within 2016 for the total purchase price of Baht 75 million.

As there was no further question, the Chairman then announced that the Meeting acknowledged the operation results of the Company for the year 2015.

### **Agenda 3: To approve the financial statements for the year ended 31 December 2015**

The Chairman proposed the meeting to approve the financial statements for the financial period year ended 31 December 2015 and the auditor's report, all of which have been reviewed by the Audit Committee.

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	647,248,586 Votes;	99.8569 %
Disapprove	0 Votes;	0 %
Abstain	927,700 Votes;	0.1431 %

**Resolution:** The Meeting approved the financial statements for the year ended 31 December 2015.

**Agenda 4: To approve the dividend payment for the year 2015**

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 with the dividend policy and performance in 2015, the Board recommended to pay the final dividend for the financial year ended 31 December 2015 at Baht 1.00 per share which set the Record Date on 9 March 2016 and the closing date of the share registration book on 10 March 2016 for the shareholders list as specified in section 225 of the Securities and Exchange Act. The dividend payment date was to be on 13 May 2016. The dividend of Baht 0.50 per share was paid from the net profit and retained earnings from BOI promoted businesses which had the tax exemption and another Baht 0.50 was paid from the net profit and retained earnings from Non-BOI businesses which was subjected to 10% withholding tax so the final dividend paid was Baht 0.95 per share net.

On 11 December 2015, the Company paid an interim dividend from the retained earnings and net profit of the first nine month period of 2015 at the rate of Baht 1.00 per share gross or Baht 0.95 per share net. Therefore, the total dividend payment for the financial year ended 31 December 2015 would be Baht 2.00 per share gross or Baht 1.90 per share net.

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	648,171,686 Votes;	99.9993 %
Disapprove	0 Votes;	0 %
Abstain	4,600 Votes;	0.0007 %

**Resolution:** The Meeting acknowledged the interim payment at the rate of Baht 1.00 per share that was paid on 11 December 2015 and approved the annual dividend payment for the year 2015 at the rate of Baht 1.00 per share to be paid on 13 May 2016. The dividend of Baht 0.50 per share was paid from the net profit and retained earnings from BOI promoted businesses which had the tax exemption and another Baht 0.50 was paid from the net profit and retained earnings from Non-BOI businesses which was subjected to 10% withholding tax so the final dividend paid was Baht 0.95 per share net.

The total 2015 dividend would be Baht 2.00 per share gross or Baht 1.90 per share net which was composed of interim dividend Baht 1.00 per share paid on 11 December 2015 and the final dividend Baht 1.00 per share gross to be paid on 13 May 2016.

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

The Chairman informed the Meeting that Mr. Winson and Mr. Terrence were the interested directors to be re-appointed at this year so they therefore expressed the intent to leave the room.

The Chairman then 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 November 2015 and there were no proposals given. Therefore, he proposed the Meeting to consider the directors whose tenure has ended. This year, directors whose tenure has ended are:

- 1) Mr. Winson Moong Chu Hui – be appointed as an executive director
- 2) Mr. Terrence Philip Weir – be appointed as an executive director

The 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. The brief profile of those directors had been distributed to shareholders for consideration. Then, he proposed the Meeting to re-appoint by individual director as follows:

**5.1 Appoint Mr. Winson Moong Chu Hui as an executive director for another term**

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	571,994,476 Votes;	88.2468 %
Disapprove	69,977,210 Votes;	10.7960 %
Abstain	6,204,600 Votes;	0.9572 %

**5.2 Appoint Mr. Terrence Philip Weir as an executive director for another term**

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows

Approve	576,402,376 Votes;	88.9268 %
Disapprove	71,544,310 Votes;	11.0378 %
Abstain	229,600 Votes;	0.0354 %

**Resolution:** The Meeting approved the appointment of Mr. Winson Moong Chu Hui and Mr. Terrence Philip Weir to be the Company's executive directors for another term.



**Agenda 6: To approve the directors' remuneration for 2016**

The Chairman proposed the meeting to consider and approve the remuneration of the Board of Directors for the year 2016 at the below rates not exceeding Baht 5,000,000.

<b>Position</b>	<b>Meeting Allowance (Baht)</b>	<b>Bonus</b>
Chairman of the Board of Directors	92,000 Baht	Minimum one time of meeting allowance depending on the company performance
Independent Directors	55,000 Baht	Minimum one time of meeting allowance depending on the company 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.

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	646,100,886 Votes;	99.6798 %
Disapprove	261,500 Votes;	0.0403 %
Abstain	1,813,900 Votes;	0.2799 %

**Resolution:** The Meeting approved the Board of Directors' remuneration for 2016 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 2016 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 2016.

- 1) Mrs. Saifon Inkaew, Certified Public Accountant No. 4434 and/or
- 2) Ms. Siriwan Suratepin, Certified Public Accountant No. 4604 and/or
- 3) Mrs. Sarinda Hirunprasurtwutti, Certified Public Accountant No. 4799

of EY Office Limited to be the auditors of the Company with the remuneration of not exceeding Baht 2,270,000 (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.

**Vote result:** The Chairman informed the Meeting that the result of the vote count was as follows.

Approve	647,689,086 Votes;	99.9248 %
Disapprove	482,600 Votes;	0.0745 %
Abstain	4,600 Votes;	0.0007 %

**Resolution:** The Meeting approved the appointment of the proposed auditors and the remuneration.

**Agenda 8: Other business**

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.

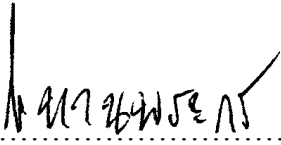
**Shareholder:** Please advise the sale structure by end customers?

**CFO:** Our sale structure by customer industry is:

- Computer 16% - 18%
- Industrial segment 9%
- Telecommunication 24%
- Sensors (car industry) more than 15%
- Sensors (mobile phone) 5-6%

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 15:15 hrs.



Signed   
.....  
(Mr. Bancha Tarnprakorn)  
Chairman